

InspireMD, Inc.  
Form 10-Q  
August 15, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from     to

Commission file number: 333-162168

InspireMD, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

26-2123838  
(I.R.S. Employer  
Identification No.)

3 Menorat Hamaor St.  
Tel Aviv, Israel 67448  
(Address of principal executive offices)  
(Zip Code)

972-3-691-7691  
(Registrant's telephone number, including area code)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting  
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  
 No

The number of shares of the registrant’s common stock \$0.001 par value, outstanding as of August 15, 2011:  
64,278,947

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

INSPIREMD, INC.  
(FORMERLY SAGUARO RESOURCES, INC.)  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(U.S. dollars in thousands)

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 8,070	\$ 636
Restricted cash	343	250
Accounts receivable:		
Trade	614	852
Other	185	75
Prepaid expenses	71	3
Inventory:		
On hand	1,471	1,704
On consignment	82	371
Total current assets	10,836	3,891
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation and amortization	304	282
<b>OTHER NON-CURRENT ASSETS:</b>		
Deferred debt issuance costs	8	15
Funds in respect of employees rights upon retirement	195	167
Total other non-current assets	203	182
Total assets	\$ 11,343	\$ 4,355
<b>LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term loans	\$ 268	\$ 355
Accounts payable and accruals :		
Trade	763	1,103
Other	2,344	1,509
Advanced payment from customers	544	559
Loans from shareholders		20
Deferred revenues		398
Total current liabilities	3,919	3,944
<b>LONG-TERM LIABILITIES:</b>		
Long term loan		75
Liability for employees rights upon retirement	264	206
Convertible loan		1,044
Total long-term liabilities	264	1,325

## COMMITMENTS AND CONTINGENT LIABILITIES

(note 9)

Total liabilities	4,183	5,269
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## EQUITY (CAPITAL DEFICIENCY):

Common stock, par value \$0.0001 per share; 125,000,000  
shares authorized; 64,185,161 shares issued and  
outstanding at June 30, 2011 and 49,863,801 shares issued  
and outstanding at December 31, 2010

	6	5
Additional paid-in capital	33,279	21,057
Accumulated deficit	(26,125 )	(21,976 )
Total equity (capital deficiency)	7,160	(914 )
Total liabilities and equity (capital deficiency)	\$ 11,343	\$ 4,355

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.  
(FORMERLY SAGUARO RESOURCES, INC.)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(U.S. dollars in thousands, except per share data)

	6 months ended		3 months ended		Year ended
	June 30		June 30		December
	2011	2010	2011	2010	31
	2010				
REVENUES	\$2,726	\$3,005	\$1,040	\$908	\$4,949
COST OF REVENUES	1,539	1,816	640	479	2,696
GROSS PROFIT	1,187	1,189	400	429	2,253
OPERATING EXPENSES:					
Research and development	1,093	773	750	372	1,338
Selling and marketing	1,045	637	617	304	1,236
General and administrative	2,391	1,112	1,205	442	2,898
Total operating expenses	4,529	2,522	2,572	1,118	5,472
LOSS FROM OPERATIONS	(3,342 )	(1,333 )	(2,172 )	(689 )	(3,219 )
FINANCIAL EXPENSES (INCOME), net	787	29	72	(41 )	154
LOSS BEFORE TAX EXPENSES	(4,129 )	(1,362 )	(2,244 )	(648 )	(3,373 )
TAX EXPENSES	20	30	10	15	47
NET LOSS	\$(4,149 )	\$(1,392 )	\$(2,254 )	\$(663 )	\$(3,420 )
NET LOSS PER SHARE - basic and diluted	\$(0.07 )	\$(0.03 )	\$(0.04 )	\$(0.01 )	\$(0.07 )
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING NET LOSS PER SHARE - basic and diluted	57,312,945	48,860,557	63,934,260	49,113,463	49,234,528

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD, INC.  
(FORMERLY SAGUARO RESOURCES, INC.)  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)  
(Unaudited)  
(U.S. dollars in thousands)

	Ordinary shares				Total equity (capital deficiency)
	Number of shares	Par value	Additional paid-in capital	Accumulated deficit	
BALANCE AT JANUARY 1, 2011	49,863,801	\$ 5	\$ 21,057	\$ (21,976 )	\$ (914 )
CHANGES DURING 6 MONTHS OF 2011:					
Net loss				(4,149 )	(4,149 )
Employee and non-employee share-based compensation			2,996		2,996
Issuance of ordinary shares, net of \$185 issuance costs	802,866	*	805		805
Issuance of ordinary shares and warrants, net of \$2,835 issuance costs.	12,992,269	1	7,653		7,654
Conversion of convertible loans	526,225	*	768		768
BALANCE AT JUNE 30, 2011	64,185,161	\$ 6	\$ 33,279	\$ (26,125 )	\$ 7,160