

PLURISTEM THERAPEUTICS INC
Form 10-Q/A
November 05, 2015

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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 001-31392

PLURISTEM THERAPEUTICS INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

98-0351734
(IRS Employer Identification No.)

MATAM Advanced Technology Park, Building No. 5, Haifa, Israel 31905
(Address of principal executive offices)

011-972-74-7108607
(Registrant's telephone number)

Indicate by check mark whether the 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 past 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 registration was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

Edgar Filing: PLURISTEM THERAPEUTICS INC - Form 10-Q/A

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. (Check one):

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

State the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date: 79,316,182 shares of common stock issued and outstanding as of November 1, 2015.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2015

(Unaudited)

2

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2015

U.S. DOLLARS IN THOUSANDS

(Unaudited)

INDEX

	Page
<u>Interim Condensed Consolidated Balance Sheets</u>	F-2 - F-3
<u>Interim Condensed Consolidated Statements of Operations</u>	F-4
<u>Interim Condensed Consolidated Statements of Comprehensive Loss</u>	F-5
<u>Interim Condensed Statements of Changes in Equity</u>	F-6 - F-7
<u>Interim Condensed Consolidated Statements of Cash Flows</u>	F-8 - F-9
<u>Notes to Interim Condensed Consolidated Financial Statements</u>	F-10 - F-21

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	September 30, 2015 Unaudited	June 30, 2015
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$10,805	\$22,626
Short-term bank deposits		15,574	7,167
Restricted cash and short term bank deposits		551	1,076
Marketable securities	3	20,309	22,250
Account receivable from OCS		419	1,691
Other current assets		1,152	2,058
Total current assets		48,810	56,868
LONG-TERM ASSETS:			
Long-term deposits and restricted deposits		343	361
Severance pay fund		758	753
Property and equipment, net		10,400	10,173
Total long-term assets		11,501	11,287
Total assets		\$60,311	\$68,155

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
 INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. Dollars in thousands (except share and per share data)

	Note	September 30, 2015 Unaudited	June 30, 2015
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables		\$1,495	\$3,268
Accrued expenses		1,010	910
Deferred revenues		379	379
Advance payment from United Therapeutics		70	93
Other accounts payable		1,289	1,533
Total current liabilities		4,243	6,183
LONG-TERM LIABILITIES			
Deferred revenues		2,373	2,468
Accrued severance pay		866	859
Other long-term liabilities		481	502
Total long-term liabilities		3,720	3,829
COMMITMENTS AND CONTINGENCIES	5		
STOCKHOLDERS' EQUITY			
Share capital:	6		
Common stock \$0.00001 par value:			
Authorized: 200,000,000 shares			
Issued and outstanding: 79,198,253 shares as of			
September 30, 2015, 78,771,905 shares as of June 30, 2015		1	1
Additional paid-in capital		196,292	195,303
Accumulated deficit		(144,387)	(138,511)
Receivables on account of shares		-	(790)
Other comprehensive income		442	2,140
Total stockholders' equity		52,348	58,143
Total liabilities and stockholders' equity		\$60,311	\$68,155

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

U.S. Dollars in thousands (except share and per share data)

	Three months ended September 30,	
	2015 Unaudited	2014 Unaudited
Revenues	\$95	\$95
Cost of revenues	(3)	(3)
Gross profit	92	92
Operating Expenses:		
Research and development expenses	(5,059)	(5,736)
Less participation by the Office of the Chief Scientist and other parties	931	1,699
Research and development expenses, net	(4,128)	(4,037)
General and administrative expenses	(1,487)	(1,678)
Operating loss	(5,523)	(5,623)
Financial expense, net	(353)	(288)
Net loss for the period	\$(5,876)	\$(5,911)
Loss per share:		
Basic and diluted net loss per share	\$(0.07)	\$(0.09)
Weighted average number of shares used in computing basic and diluted net loss per share	78,704,746	69,131,435

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

U.S. Dollars in thousands

	Three months ended September 30,	
	2015	2014
Net loss	\$(5,876)	\$(5,911)
Other comprehensive loss, net:		
Unrealized loss on derivative instruments	(39)	(88)
Unrealized loss on available-for-sale marketable securities, net	(1,771)	(4,010)
Reclassification adjustment of derivative instruments losses realized in net loss, net	(7)	(45)
Reclassification adjustment of available-for-sale marketable securities gains realized in net loss, net	119	455
Other comprehensive loss	(1,698)	(3,688)
Total comprehensive loss	\$(7,574)	\$(9,599)

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

U.S. Dollars in thousands (except share data)

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Other	Deficit	Stockholders'
			Capital	Comprehensive		Equity
				Income (loss)		
Balance as of July 1, 2014	68,601,452	\$(*))	\$172,998	\$ 2,959	\$ (113,834)	\$ 62,123
Exercise of options by employees	3,000	(*)	2	-	-	2
Exercise of warrants by investors and finders	534,237	(*)	109	-	-	109
Stock based compensation to employees, directors and non-employee consultants	446,953	(*)	1,060	-	-	1,060
Other comprehensive loss, net	-	-	-	(3,688)	-	(3,688)
Net loss	-	-	-	-	(5,911)	(5,911)
Balance as of September 30, 2014	69,585,642	\$(*))	\$174,169	\$ (729)	\$ (119,745)	\$ 53,695

(*) Less than \$1

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

U.S. Dollars in thousands (except share data)

	Common Stock		Additional Paid-in Capital	Receivables on account of shares	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance as of July 1, 2015	78,771,905	\$ 1	\$ 195,303	\$ (790)	\$ 2,140	\$ (138,511)	\$ 58,143
Exercise of options by employees and non-employee consultants	25,000	(*)	16	-	-	-	16
Stock based compensation to employees, directors and non-employee consultants	401,348	(*)	908	-	-	-	908
Proceeds related to issuance of common stock in a private placement (Note 6a)	-	-	-	790	-	-	790
Stock based compensation to contractor (Note 6b)	-	-	65	-	-	-	65
Other comprehensive loss, net	-	-	-	-	(1,698)	-	(1,698)
Net loss	-	-	-	-	-	(5,876)	(5,876)
Balance as of September 30, 2015	79,193,253	\$ 1	\$ 196,292	\$ -	\$ 442	\$ (144,387)	\$ 52,348

(*) Less than \$1

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Three months ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(5,876)	\$(5,911)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	497	498
Gain from sale of property and equipment, net	(3)	-
Accretion of discount, amortization of premium and changes in accrued interest of marketable securities	136	44
Loss (gain) from sale of investments of available-for-sale marketable securities	(17)	17
Stock-based compensation to employees, directors and non-employees consultants	908	1,060
Decrease in OCS receivables	1,272	1,812
Decrease in other accounts receivable	751	333
Decrease (increase) in prepaid expenses	112	(174)
Decrease in trade payables	(1,326)	(989)
Decrease in other accounts payable, accrued expenses and other long-term liabilities	(165)	(9)
Decrease in deferred revenues	(95)	(95)
Decrease in advance payment from United Therapeutics	(23)	(29)
Decrease (increase) in interest receivable on short-term deposits	35	(9)
Linkage differences and interest on short and long-term deposits	24	37
Accrued severance pay, net	2	(41)
Net cash used by operating activities	\$(3,768)	\$(3,456)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$(1,106)	\$(271)
Repayment of (investment in) short-term deposits	(7,928)	4,777
Repayment of long-term deposits	2	1
Proceeds from sale of property and equipment	3	-
Proceeds from sale of available-for-sale marketable securities	517	37
Proceeds from redemption of available-for-sale marketable securities	229	64
Investment in available-for-sale marketable securities	(576)	(92)
Net cash provided (used) by investing activities	\$(8,859)	\$4,516

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Three months ended September 30,	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds related to issuance of common stock in a private placement	\$790	\$-
Exercise of options and warrants	16	109
Net cash provided by financing activities	\$806	\$109
Increase (decrease) in cash and cash equivalents	(11,821)	1,169
Cash and cash equivalents at the beginning of the period	22,626	4,493
Cash and cash equivalents at the end of the period	\$10,805	\$5,662
(a) Supplemental disclosure of cash flow activities:		
Cash paid during the period for:		
Taxes paid due to non-deductible expenses	\$8	\$30
(b) Supplemental disclosure of non-cash activities:		
Purchase of property and equipment on credit	\$165	\$188
Share consideration to contractor	\$65	\$-
Other receivables resulting from exercise of option	\$-	\$2

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 1:-GENERAL

- a. Pluristem Therapeutics Inc., a Nevada corporation, was incorporated on May 11, 2001. Pluristem Therapeutics Inc. has a wholly owned subsidiary, Pluristem Ltd. (the "Subsidiary"), which is incorporated under the laws of the State of Israel. Pluristem Therapeutics Inc. and the Subsidiary are referred to as "Pluristem" or the "Company".
- b. The Company is a bio-therapeutics company developing off-the-shelf allogeneic cell therapy products for the treatment of multiple ischemic and inflammatory conditions. The Company has sustained operating losses and expects such losses to continue in the foreseeable future. The Company's accumulated losses aggregated to \$144,387 through September 30, 2015 and incurred a net loss of \$5,876 for the three months ended September 30, 2015.

The Company plans to continue to finance its operations with sales of equity securities, entering into licensing technology agreements such as the United Therapeutics Corporation ("United") and CHA Biotech ("CHA") agreements, and from grants to support its research and development activity. In the longer term, the Company plans to finance its operations from revenues from sales of products.

The Company's shares of common stock are traded on the NASDAQ Capital Market under the symbol "PSTI", and on the Tel-Aviv Stock Exchange under the symbol "PLTR".

c. License Agreements:

United Agreement

On June 19, 2011, the Company entered into an exclusive license agreement (the "United Agreement") with United for the use of the Company's PLX cells to develop and commercialize a cell-based product for the treatment of Pulmonary Hypertension ("PAH"). The United Agreement provides that United will receive exclusive worldwide license rights for the development and commercialization of the Company's PLX cell-based product to treat PAH. The United Agreement further provides for the following consideration payable to the Company: (i) an upfront payment of \$7,000 paid in August 2011, which includes a \$5,000 non-refundable upfront payment and a \$2,000 advance payment on the development; (ii) up to \$37,500 upon reaching certain regulatory milestones with respect to the development of a product to treat PAH; (iii) reimbursement of up to \$10,000 of certain of the Company's expenses if the Company establishes a GMP manufacturing facility in North America; (iv) reimbursement of certain costs in connection with the development of the product; and (v) following commercialization of the product, royalties at a mid-single digit percent and the purchase of commercial supplies of the developed product from the Company at a specified margin over the Company's cost.

The United Agreement became effective on August 2, 2011, and will continue until the later of a few events, including termination of all patents relating to the collaboration, upon certain government action or if the parties do not develop any product under the United Agreement. United may unilaterally terminate the United Agreement at any time and without cause. In such event, United shall pay the Company certain costs and expenses of winding down any non-cancellable commitments made by the Company prior to the date of termination and cease all development activities in connection with the United Agreement.

CHA Agreement

On June 26, 2013, Pluristem entered into an exclusive license and commercialization agreement (the “CHA Agreement”) with CHA, for conducting clinical trials and commercialization of Pluristem's PLX-PAD product in South Korea in connection with two indications: the treatment of Critical Limb Ischemia, and Intermediate Claudication (the “Indications”). Under the terms of the CHA Agreement, CHA will receive exclusive rights in South Korea for conducting clinical trials with respect to the Indications, and the Company will continue to retain rights to its proprietary manufacturing technology and cell-related intellectual property.

F - 10

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 1:-GENERAL (CONT.)

The first clinical study as part of the CHA Agreement is a Phase II trial in Intermittent Claudication. South Korea's Ministry of Food and Drug Safety approved this study in November 2013.

Upon the first regulatory approval for a PLX product in South Korea, for the specified indications, Pluristem and CHA will establish an equally owned joint venture. The purpose of the joint venture will be to commercialize PLX cell products in South Korea.

Pluristem will be able to use the data generated by CHA to pursue the development of PLX product candidates outside of South Korea.

The CHA Agreement contains customary termination provisions, including in the event the parties do not reach an agreement upon development plan for conducting the clinical trials. Upon termination of this CHA Agreement, the license granted thereunder will terminate and all rights included therein will revert to the Company, whereupon the Company will be free to enter into agreements with any other third parties for the granting of a license in or outside South Korea or to deal in any other manner with such rights as it shall see fit at its sole discretion.

In addition, and as contemplated by the CHA Agreement, in December 2013, Pluristem and CHA executed the mutual investment pursuant to which Pluristem issued 2,500,000 shares of its common stock in consideration for 1,011,504 shares of CHA, which reflects total consideration to each of Pluristem and CHA of approximately \$10,414. The parties also agreed to give an irrevocable proxy to the other party's management with respect to the voting power of the shares issued.

During March 2015, the Company sold a portion of the CHA shares received in December 2013.

The remaining investment in CHA shares is presented as "Marketable Securities" and classified as available-for-sale in accordance with ASC 320 – "Investments - Debt and Equity Securities". The fair value of the remaining investment as of September 30, 2015 is \$4,779.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 2:- BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited Interim Financial Information

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of U.S. Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included (consisting only of normal recurring adjustments except as otherwise discussed).

For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2015.

Operating results for the three-month period ended September 30, 2015, are not necessarily indicative of the results that may be expected for the year ending June 30, 2016.

b. Significant Accounting Policies

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements.

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

d. Fair value of financial instruments

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, short-term and restricted bank deposits, trade payable and other accounts payable and accrued liabilities, approximate fair value because of their generally short term maturities.

The Company measures its investments in marketable securities and derivative instruments at fair value under ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Unobservable inputs for the asset or liability.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company categorized each of its fair value measurements in one of these three levels of hierarchy.

F - 12

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 2:- BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CON.)

e. Derivative financial instruments

The Company uses forward contracts and options strategies (“derivative instruments”) primarily to manage exposure to foreign currency. The Company accounts for derivatives and hedging based on ASC 815, “Derivatives and Hedging” (“ASC 815”). ASC 815 requires the Company to recognize all derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of derivative instruments depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

If the derivative instruments meet the definition of a hedge and are so designated, depending on the nature of the hedge, changes in the fair value of such derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in the statement of operations. The ineffective portion of a derivative’s change in fair value is recognized in the statement of operations.

Cash Flow Hedges. The Company entered into forward and option contracts to hedge against the risk of overall changes in future cash flow from payments of payroll and related expenses denominated in New Israeli Shekels (“NIS”). The Company measured the fair value of the contracts in accordance with ASC 820 (classified as level 2). The gain or loss on the effective portion of a cash flow hedge is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into operating expenses in the same period or periods in which the payroll and related expenses are recognized, or reclassified into “Financial expense, net”, if the hedged transaction becomes probable of not occurring. Any gain or loss after a hedge is no longer designated, because it is no longer probable of occurring or it is related to an ineffective portion of a cash flow hedge is recognized in the statement of operations immediately. As of September 30, 2015, the Company had forward and option contracts in place to hedge future payroll and related expenses in NIS of approximately \$220, with a fair value of approximately \$2 presented in “other current liabilities”. The net loss realized in statement of operations during the three-month periods ended September 30, 2015 and 2014, resulting from the cash flow hedge transactions, amounted to approximately \$7 and \$45, respectively. The forward and option contracts on the Company’s future NIS payroll and related expenses will settle by October 2015.

Other Derivatives. Other derivatives that are non-designated consist primarily of options strategies to minimize the risk associated with the foreign exchange effects of monetary assets and liabilities denominated in NIS. The Company measured the fair value of the contracts in accordance with ASC 820 (classified as level 2). The net losses recognized in “Financial expense, net” during the three-month periods ended September 30, 2015 and 2014 were \$285 and \$198 respectively.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 2:- BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CON.)

f. Accumulated other comprehensive income (loss):

The components of accumulated other comprehensive income (loss) were as follows:

	Three months ended September 30, 2015 (Unaudited)		
	Unrealized gains (losses) on marketable securities	Unrealized gains (losses) on cash flow hedges	Total
Balance as of July 1, 2015	\$ 2,094	\$ 46	\$ 2,140
Other comprehensive loss before reclassifications	(1,771)	(39)	(1,810)
Amounts reclassified from accumulated other comprehensive loss	119	(7)	112
Net current-period other comprehensive income	(1,652)	(46)	(1,698)
Balance as of September 30, 2015	\$ 442	\$ (-)	\$ 442

g. Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)", and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. In August 2015, the FASB issued Accounting Standards Update No. 2015-14 which defers the application of ASU 2014-09 by public entities, to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The Company is currently in the process of evaluating the impact of the adoption of ASU 2014-09 and ASU 2015-14 on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements - Going Concern, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern", which establishes management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and, if so, to provide related footnote disclosures. ASU 2014-15 provides a definition of the term "substantial doubt" and requires an assessment for a period of one year after the date that the financial statements are issued or available to be issued. Management will also be required to evaluate and disclose whether its plans alleviate that doubt. The guidance is effective for the annual periods ending after December 15, 2016 and interim periods thereafter with early adoption

permitted. The Company is in the process of evaluating the impact the new guidance will have on its consolidated financial statements disclosures.

F - 14

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. Dollars in thousands (except share and per share amounts)

NOTE 3:- MARKETABLE SECURITIES

As of September 30, 2015, all of the Company's marketable securities were classified as available-for-sale.

	September 30, 2015 (Unaudited)				June 30, 2015			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
Available-for-sale - matures within one year:								
Stock and index linked notes	\$12,332	\$ 1,064	\$ (670)	\$12,726	\$12,305	\$ 2,083	\$ (72)	\$14,316
Government debentures – fixed interest rate	359	2	(11)	350	287	1	(10)	278
Corporate debentures – fixed interest rate	865	16	(6)	875	939	26	(52)	913
	\$13,556	\$ 1,082	\$ (687)	\$13,951	\$13,531	\$ 2,110	\$ (134)	\$15,507
Available-for-sale - matures after one year through five years:								
Government debentures – fixed interest rate	2,037	23	(21)	2,039	2,033	40	(9)	2,064
Corporate debentures – fixed interest rate	4,130	71	(27)	4,174	4,436	97	(17)	4,516
	\$6,167	\$ 94	\$ (48)	\$6,213	\$6,469	\$ 137	\$ (26)	\$6,580
Available-for-sale - matures after five years through ten years:								
Corporate debentures – fixed interest rate	144	5	(4)	145	156	8	(1)	163
	\$144							