

MEDISTEM LABORATORIES, INC.
Form 10QSB
August 11, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended: June 30, 2006

Or

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

For the transition period from _____ to _____

Commission File Number: 333-100137

MEDISTEM LABORATORIES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

86-1047317

(I.R.S. Employer Identification No.)

2027 E. Cedar St.

85281

Tempe, AZ

(Address of principal executive offices)

(Zip Code)

(954) 727-3662

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

Number of shares outstanding of common stock, as of the latest practicable date: 130,680,693 as of August 1, 2006

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Transitional Small Business Disclosure Format (Check one): Yes No

MEDISTEM LABORATORIES, INC.

(A Development Stage Company)

Table of Contents

Page

<u>PART I FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements:</u>	4
<u>Consolidated Balance Sheets</u>	4
<u>Consolidated Statements of Operations</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes</u>	7
<u>Item 2. Management's Discussion and Analysis or Plan of Operation</u>	14
<u>Item 3. Controls and Procedures</u>	18
<u>PART II OTHER INFORMATION</u>	19
<u>Item 1. Legal Proceedings</u>	19
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	19
<u>Item 3. Defaults Upon Senior Securities</u>	20
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	20
<u>Item 5. Other Information</u>	20
<u>Item 6. Exhibits</u>	20
<u>SIGNATURES</u>	21

PART I FINANCIAL INFORMATION

Forward-Looking Information

The statements contained in this Quarterly Report on Form 10-QSB that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as believes, expects, may, will, should, intend, plan, could, is likely, or anticipates, or the negative thereof or other variations comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements that are not historical facts are only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company's projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

Item 1. Financial Statements.**Medistem Laboratories, Inc.****(a Development Stage Company)****Consolidated Balance Sheets**

	June 30, 2006 (unaudited)	December 31, 2005
Assets		
Cash and equivalents	\$ 1,595,861	\$ 410,613
Short-term investments	20,000	20,000
Other current assets	17,436	
Total current assets	1,633,297	430,613
Property and equipment, net	405,255	170,731
Intangible assets	3,566	3,566
Total assets	\$ 2,042,118	\$ 604,910
Liabilities and Stockholders Equity		
Accounts payable	\$ 20,604	\$ 10,942
Accrued expenses	30,651	
Deferred revenue	13,943	
Total current liabilities	65,198	10,942
Total liabilities	65,198	10,942
Common stock, \$0.0001 par value, 300,000,000 shares authorized, 130,680,693 and 125,593,602 shares issued and outstanding	13,068	12,559
Series A convertible preferred stock, \$0.0001 par value, no stated interest rate, dividend or liquidation preference, 200,000,000 shares authorized, 5,142,858 and no shares issued and outstanding	514	
Paid-in capital	8,377,173	3,510,430
Deferred compensation	(1,146,082)	
Accumulated deficit	(5,267,753)	(2,929,021)
Total stockholders equity	1,976,920	593,968
Total liabilities and stockholders equity	\$ 2,042,118	\$ 604,910

See accompanying notes to unaudited consolidated financial statements.

Medistem Laboratories, Inc.

(a Development Stage Company)

Consolidated Statements of Operations

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Inception to
	2006	2005	2006	2005	June 30, 2006
Net revenues	\$	\$	\$	\$	\$
Operating expenses:					
Professional fees	473,167		1,056,540		3,820,155
Stock-based compensation - officers and directors	256,930		857,294		858,794
General and administrative	224,644	1,134	397,021	3,597	515,117
General and administrative - related party			25,000		75,346