

SPO Medical Inc  
Form 10QSB  
May 14, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-QSB**

**MARK ONE**

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period ended March 31, 2007; 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: 0-11772*

**SPO MEDICAL INC.**

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

Delaware  
(State or other jurisdiction of  
incorporation or organization)

25-1411971  
(I.R.S. Employer Identification No.)

**21860 BURBANK BLVD., NORTH BUILDING, SUITE 380**  
Woodland Hills, CA 91367

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(Address of principal executive offices, including zip code)

818-888-4380

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(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 a check mark whether the registrant is a shell company (as defined in Rule 1b-2 of the Exchange Act).  
Yes  No .

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As of May 11, 2007, SPO Medical Inc. had outstanding 19,355,525 shares of common stock, par value \$0.01 per share.

Transitional Small Business Disclosure Format (Check one) Yes  No

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## **FORWARD LOOKING STATEMENTS**

The following discussion and explanations should be read in conjunction with the financial statements and related notes contained elsewhere in this quarterly report on Form 10-QSB. Certain statements made in this discussion are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "intends", "anticipates", "believes", "estimates", "predicts", or "continue" or the negative of these terms or other comparable terminology and include, without limitation, statements below regarding: the Company's intended business plans; expectations as to product performance; intentions to acquire or develop other technologies; and belief as to the sufficiency of cash reserves. Because forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Although the Company believes that expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company is under no duty to update any forward-looking statements after the date of this report to conform such statements to actual results.

**SPO MEDICAL INC.  
AND ITS SUBSIDIARY  
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
U.S. dollars in thousands**

**March 31, 2007  
Unaudited**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 908
Trade receivables	483
Other accounts receivable and prepaid expenses	270
Inventories	1,006
	\$ 2,667
<b>LONG-TERM ASSETS</b>	
Deposits	13
Severance pay fund	232
	245
<b>PROPERTY AND EQUIPMENT, NET</b>	
	112
<b>Total assets</b>	<b>\$ 3,024</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>	
<b>Current Liabilities</b>	
Short-term loans	\$ 1,658
Trade payables	603
Employees and payroll accruals	192
Deferred revenues	485
Other payables and accrued expenses	604
	3,542
<b>Long-Term Liabilities</b>	
Long term loans	208
Accrued severance pay	356
	564
<b>STOCKHOLDERS' DEFICIENCY</b>	
Stock capital	193
Additional paid-in capital	10,005
Accumulated deficit	(11,280)
	(1,082)
<b>Total liabilities and stockholders' deficiency</b>	<b>\$ 3,024</b>

The accompanying notes to these financial statements are an integral part thereof.



**SPO MEDICAL INC.  
AND ITS SUBSIDIARY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
**U.S. dollars in thousands except share data**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>Unaudited</b>	
<b>Revenues</b>	\$ 1,256	\$ 701
Cost of revenues	559	371
Gross profit	697	330
Operating expenses		
Research and development, net	276	151
Selling and marketing	165	141
General and administrative	247	220
Total operating expenses	688	512
<b>Operating profit (loss)</b>	<b>9</b>	<b>(182)</b>
Financial expenses, net	240	939
<b>Loss for the period</b>	<b>\$ 231</b>	<b>\$ 1,121</b>
Basic and diluted loss per ordinary share	\$ (0.01)	\$ (0.06)
Weighted average number of shares outstanding used in computation of basic and diluted loss per share	19,069,380	18,382,715

The accompanying notes to these financial statements are an integral part thereof.

**SPO MEDICAL INC.  
AND ITS SUBSIDIARY  
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS DEFICIENCY  
U.S. dollars in thousands**

	Stock capital	Additional paid-in capital	Deferred compensation	Accumulated deficit	Total
<b>Balance as of January 1, 2005</b>	\$ 600	\$ 2,675	\$ —	(4,048)\$	(773)
Issuance of ordinary shares upon conversion of loans	35	224			259
Warrants issued in private placement		949			949
Warrants issued in c					