

NEPHROS INC  
Form 10-Q  
May 13, 2010

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: March 31, 2010

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: 001-32288

NEPHROS, INC.

(Exact name of Registrant as Specified in Its Charter)

DELAWARE  
(State or Other Jurisdiction of Incorporation or  
Organization)

13-3971809  
(I.R.S. Employer Identification No.)

41 Grand Avenue  
River Edge, NJ

07661

(Address of Principal Executive Offices)

(Zip code)

(201) 343-5202

Registrant's Telephone Number, Including Area Code

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 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 the 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  (Do not check if a smaller reporting company)

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

As of May 12, 2010, 41,604,798 shares of issuer's common stock, with \$0.001 par value per share, were outstanding.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

## NEPHROS, INC. AND SUBSIDIARY

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	(Unaudited) March 31, 2010	(Audited) December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 564	\$ 1,004
Accounts receivable	619	629
Inventory, less allowances of \$18 and \$18, respectively	786	653
Prepaid expenses and other current assets	128	135
Total current assets	2,097	2,421
Property and equipment, net	171	210
Other assets	21	21
Total assets	\$ 2,289	\$ 2,652
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 684	\$ 455
Accrued expenses	193	239
Total current liabilities	877	694
Total liabilities	877	694
Commitments and Contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$.001 par value; 5,000,000 shares authorized at March 31, 2010 and December 31, 2009; no shares issued and outstanding at March 31, 2010 and December 31, 2009	-	-
Common stock, \$.001 par value; 90,000,000 authorized at March 31, 2010 and December 31, 2009; 41,604,798 shares issued and outstanding at March 31, 2010 and December 31, 2009.	42	42
Additional paid-in capital	91,842	91,815
Accumulated other comprehensive income	32	76
Accumulated deficit	(90,504)	(89,975)
Total stockholders' equity	1,412	1,958
Total liabilities and stockholders' equity	\$ 2,289	\$ 2,652

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

## NEPHROS, INC. AND SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended March 31	
	2010	2009
Product revenue	\$ 989	\$ 631
Cost of goods sold	600	452
Gross margin	389	179
Operating expenses:		
Research and development	73	58
Depreciation and amortization	36	72
Selling, general and administrative	807	789
Total operating expenses	916	919
Loss from operations	(527)	(740)
Interest income	1	5
Other expense	(2)	-
Net loss	\$ (528)	\$ (735)
Net loss per common share, basic and diluted	\$ (0.01)	