

PureSafe Water Systems, Inc.
Form 10-Q
August 16, 2010

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

FORM 10-Q

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

For the quarterly period ended June 30, 2010

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

Commission File Number: 001-09478

PureSafe Water Systems, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

86-0515678
(I.R.S. Employer Identification No.)

25 Fairchild Avenue - Suite 250, Plainview, New York
(Address of principal executive offices)

11803
(Zip Code)

(516) 208-8250
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) 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 registrant 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, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Edgar Filing: PureSafe Water Systems, Inc. - Form 10-Q

Non-accelerated filer

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.
As of August 12, 2010, 300,429,813 shares of common stock of the issuer were outstanding.

PureSafe Water Systems Inc. and Subsidiary
(A Development Stage Company Commencing January 1, 2002)
Condensed Consolidated Balance Sheets

ASSETS	June 30, 2010 (unaudited)	December 31 2009
Current Assets:		
Cash	\$249,728	\$107,424
Inventories	273,140	97,115
Prepaid expenses and other current assets	64,642	120,083
Total Current Assets	587,510	324,622
Property and equipment, net of accumulated depreciation of \$47,351 and \$33,356, respectively	141,404	115,551
Patents and trademarks, net of accumulated amortization of \$26,556 and \$23,504, respectively	65,928	68,980
Other assets	32,499	20,500
TOTAL ASSETS	\$827,341	\$529,653
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable and accrued expenses	\$780,878	\$656,242
Accrued compensation	93,450	84,000
Accrued consulting and director fees	144,000	140,000
Convertible notes payable to officer and director (including accrued interest of \$50,927 and \$14,685 and net of debt discount of \$59,610 and \$14,706, respectively)	578,317	99,979
Convertible promissory note (including accrued interest of \$26,729 and \$9,194 and net of debt discount of \$80,558 and \$104,214, respectively)	421,171	279,980
Promissory notes payable (including accrued interest of \$147,192 and \$127,221, respectively)	305,414	285,443
Fair value of detachable warrants and options	1,668,300	286,100
Fair value of embedded conversion options	1,292,100	197,900
Accrued dividends payable	190,328	190,328
Total Current Liabilities	5,473,958	2,219,972
Long Term Liabilities:		
Notes Payable	28,256	236,624
Notes payable to officers and directors	--	287,000
Total Long Term Liabilities	28,256	523,624
TOTAL LIABILITIES	5,502,214	2,743,596
Commitments and Contingencies		
Stockholders' Deficiency:		
Preferred stock \$.001 par value; 10,000,000 shares authorized; 184,144 shares issued and outstanding (liquidation preference \$2,646,400 and \$2,592,250 as of June 30,	184	184

Edgar Filing: PureSafe Water Systems, Inc. - Form 10-Q

2010 and December 31, 2009, respectively)

Common stock, \$.001 par value; 450,000,000 authorized; 296,021,380 shares issued and 296,016,980 shares outstanding at June 30, 2010; 272,162,945 shares issued and 272,158,545 outstanding at December 31, 2009	296,025	272,162
Additional paid-in capital	32,044,274	30,086,795
Treasury Stock, at cost, 4,400 shares of common stock	(5,768)	(5,768)
Subscriptions receivable - related party (including accrued interest of \$43,192 and \$33,076, respectively)	(380,392)	(370,276)
Accumulated deficit (including \$22,097,600 and \$17,665,444 of deficit accumulated during development stage at June 30, 2010 and December 31, 2009, respectively)	(36,629,196)	(32,197,040)
Total Stockholders' Deficiency	(4,674,873)	(2,213,943)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 827,341	\$ 529,653

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

PureSafe Water Systems Inc. and Subsidiary
(A Development Stage Company Commencing January 1, 2002)
Consolidated Condensed Statements of Operations
(unaudited)

	Three Months Ended June		Six Months Ended June		January 1,
	30,		30,		2002
	2010	2009	2010	2009	To June 30, 2010
Sales	\$--	\$--	\$--	\$--	\$471,290
Costs and expenses (income):					
Cost of Sales	--	--			575,680
Selling, general and administrative, including stock-based compensation of \$7,167 and \$518,042 for the three months and \$504,084 and \$582,004 for the six months ended June 30, 2010 and 2009, respectively and \$3,882,891 for the period January 1, 2002 to June 30, 2010	579,942	876,386	1,514,198	1,294,798	12,335,765
Non-dilution agreement termination costs	--	--	--	--	2,462,453
Research and development	52,850	5,802	75,448	8,036	961,135
Interest expense - including interest expense to a related party of \$6,184 and \$2,083 for the three months and \$16,288 and \$8,333 for the six months ended June 30, 2010 and 2009, respectively, and \$237,053 for the period Jan 1, 2002 to June 30, 2010	57398	56,798	257,010	101,877	1,918,322
Financing costs - extension of warrants	--	--	--	--	74,700
Interest expense - conversion provision	--	--	--	--	113,000
(Gain) loss on settlement of debt	--	--	--	--	2,027,186
Change in fair value of detachable warrants and, embedded conversion option	2,560,000	59,400	2,585,500	221,900	2,100,649