

BIOLARGO, INC.  
Form 10-Q  
November 15, 2010

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2010.

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 000-19709

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BIOLARGO, INC.  
(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

65-0159115  
(I.R.S. Employer  
Identification No.)

16333 Phoebe Avenue  
La Mirada, California 90638  
(Address, including zip code, of principal executive offices)

(949) 643-9540  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act: None  
Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, \$0.0067 par  
value.

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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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  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

The number of shares of the Registrant’s Common Stock outstanding as of November 12, 2010 was 48,855,043 shares.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

BIOLARGO, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2009 AND SEPTEMBER 30, 2010

	December 31, 2009	September 30, 2010 (unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 135,350	\$ 246,998
Accounts receivable	14,607	16,150
Inventory	9,678	15,184
Prepaid expenses	4,586	3,815
<b>Total current assets</b>	<b>164,221</b>	<b>282,147</b>
<b>FIXED ASSETS</b>		
Equipment, net	16,390	9,217
<b>Total fixed assets</b>	<b>16,390</b>	<b>9,217</b>
<b>TOTAL ASSETS</b>	<b>\$ 180,611</b>	<b>\$ 291,364</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,273,028	\$ 789,472
Accrued option compensation expense	679,210	563,000
Convertible notes payable, current portion	1,913,625	945,625
Discount on convertible notes, current portion net of amortization	(470,822 )	(203,205 )
Note payable	70,000	150,000
Discount on note payable	—	(6,667 )
Deferred revenue	—	118,000
<b>Total Current Liabilities</b>	<b>3,465,041</b>	<b>2,356,225</b>
<b>LONG-TERM LIABILITIES</b>		
Convertible notes payable, net of current portion	1,372,410	1,811,265
Discount on convertible notes, net of current portion and amortization	(793,523 )	(722,638 )

Total Long-term Liabilities	578,887	1,088,627
<b>TOTAL LIABILITIES</b>	<b>4,043,928</b>	<b>3,444,852</b>
<b>COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Convertible Preferred Series A, \$.00067 Par Value, 50,000,000 and 25,000,000 Shares Authorized,	—	—
-0- Shares Issued and Outstanding, at September 30, 2010 and December 31, 2009.		
Common Stock, \$.00067 Par Value, 200,000,000 Shares Authorized, 48,730,771 and 43,196,355	28,969	32,715
Shares Issued, at September 30, 2010 and December 31, 2009, respectively		
Additional Paid-In Capital	53,876,278	59,058,769
Accumulated Deficit	(57,768,564 )	(62,244,972 )
<b>Total Stockholders' Deficit</b>	<b>(3,863,317 )</b>	<b>(3,153,488 )</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 180,611</b>	<b>\$ 291,364</b>

See accompanying notes to unaudited consolidated financial statements

BIOLARGO, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2009 AND 2010  
(unaudited)

For the three-month periods  
ended September 30,