

PureSafe Water Systems, Inc.  
Form 10-Q/A  
May 21, 2009

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

FORM 10-Q/A  
**Amendment No. 1**

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

For the quarterly period ended March 31, 2009

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

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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 May 12, 2009, 263,612,456 shares of common stock of the issuer were outstanding.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

PureSafe Water Systems, Inc.  
(Formerly Known as Water Chef, Inc.)  
(A Development Stage Company Commencing January 1, 2002)  
Condensed Balance Sheets

	March 31, 2009 (Unaudited)	December 31, 2008
<b>ASSETS</b>		
Current assets		
Cash	\$ 64,314	\$ 29,411
Prepaid expenses and other current assets	36,855	53,890
<b>Total current assets</b>	<b>101,169</b>	<b>83,301</b>
Property and equipment, net of accumulated depreciation of \$23,548 and \$17,130, respectively	136,019	142,437
Other assets		
Patents and trademarks, net of accumulated amortization of \$19,199 and \$17,882, respectively	60,727	62,044
Other assets	26,860	26,860
<b>Total other assets</b>	<b>87,587</b>	<b>88,904</b>
<b>Total Assets</b>	<b>\$ 324,775</b>	<b>\$ 314,642</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 516,429	\$ 410,925
Accrued compensation	197,000	155,000
Accrued consulting and director fees	180,000	178,000
Convertible notes payable to officer and director, including accrued interest of \$18,421 and \$12,171, respectively and net of debt discount of \$45,953 and \$75,280, respectively	222,468	186,891
Convertible promissory notes, including accrued interest of \$1,458 and \$208 and net of debt discount of \$13,813 and \$19,283, respectively	37,646	30,925
Notes payable, including accrued interest of \$272,047 and \$269,833, respectively	555,269	553,056
Fair value of warrants	275,900	121,100
Fair value of embedded conversion options	191,500	164,900
Accrued dividends payable	190,328	190,328
<b>Total current liabilities</b>	<b>2,366,540</b>	<b>1,991,125</b>
Stockholders' deficiency		
Preferred stock, \$.001 par value; 10,000,000 shares authorized; 184,144 shares issued and outstanding (liquidation preference of \$2,511,025 and \$2,483,950 as of March 31, 2009 and December 31, 2008, respectively)	184	184
Common stock \$.001 par value; 450,000,000 shares authorized; 252,707,114 shares issued and 252,702,714 shares outstanding as of March 31, 2009 and 244,850,034	252,707	244,849

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shares issued and 244,845,634 outstanding as of December 31, 2008

Additional paid-in capital	28,789,045	28,528,973
Treasury stock, at cost, 4,400 shares of common stock	(5,768)	(5,768)
Subscription receivable, including accrued interest of \$17,901 and \$12,914 respectively	(355,101)	(350,114)
Accumulated deficit, including \$16,191,235 and \$15,563,011 of deficit accumulated during the development stage as of March 31, 2009 and December 31, 2008, respectively	(30,722,832)	(30,094,607)
Total stockholders' deficiency	(2,041,765)	(1,676,483)
Total Liabilities and Stockholders' Deficiency	\$ 324,775	\$ 314,642

See notes to condensed financial statements

PureSafe Water Systems, Inc.  
(Formerly Known as Water Chef, Inc.)  
(A Development Stage Company Commencing January 1, 2002)  
Condensed Statements of Operations

	Three Months Ended March 31,		January 1, 2002 to March 31, 2009
	2009	2008	
Sales	\$ --	\$ --	\$ 471,290
Costs and expenses (income) -			
Cost of sales	--	--	575,680
Selling, general and administrative, including stock based compensation of \$63,962 and \$107,072 for the three months ended March 31, 2009 and 2008, respectively, and \$2,736,656 for the period of January 1, 2002 to March 31, 2009	418,412	478,614	9,342,339
Non-dilution agreement termination costs	--	--	2,462,453
Research and development	2,234	111,521	708,002
Interest expense, including interest expense to a related party of \$6,250 and \$1,233 for the three months ended March 31, 2009 and 2008, respectively, and \$140,023 for period of January 1, 2002 to March 31, 2009	45,079	79,499	1,561,799
Financing costs - extension of warrants	--	--	74,700
Interest expense - conversion provision	--	--	113,000
(Gain) loss on settlement of debt	--	(226,467)	2,229,903
Change in fair value of warrants and embedded conversion option	162,500	627,800	(405,351)
Total cost and expenses (income)	628,225	1,070,967	16,662,525
Net loss	(628,225)	(1,070,967)	(16,191,235)
Deemed dividend on preferred stock	--	--	(2,072,296)
Preferred stock dividends	(27,075)	(27,075)	(753,198)
Net loss attributable to common stockholders	\$ (655,300)	\$ (1,098,042)	\$ (19,016,729)
Basic and diluted net loss attributable to common stockholders per common share	*	(0.01)	
Weighted average number of common shares outstanding – basic and diluted	239,169,385	218,163,033	

\* Less than \$0.01.

See notes to condensed financial statements

PureSafe Water Systems, Inc.  
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Condensed Statement of Stockholders' Deficiency  
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Treasury Stock at Cost	Subscription Receivable	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount	Shares	Amount					
Balance at December 31, 2008	184,144	\$ 184	244,850,034	\$ 244,849	\$ 28,528,973	\$(5,768)	(350,114)	\$(30,094,607)	\$(1,676,483)
Proceeds from sale of common stock and warrants:									
\$0.0330 per share – January 16, 2009	--	--	757,576	758	24,242	--	--	--	25,000
\$0.0320 per share – January 30, 2009	--	--	1,562,500	1,563	48,437	--	--	--	50,000
\$0.0320 per share – February 09, 2009	--	--	640,625	641	19,859	--	--	--	20,500
\$0.0299 per share – February 13, 2009	--	--	1,672,241	1,672	48,328	--	--	--	50,000
\$0.0290 per share – February 17, 2009	--	--	1,724,138	1,724	48,276	--	--	--	50,000
Common stock issued in repayment of debt:									
\$0.0547 per share – March 14, 2009	--	--	500,000	500	26,868	--	--	--	27,368
Common stock issued for services									
\$0.0200 per share – February 23, 2009	--	--	1,000,000	1,000	19,000	--	--	--	20,000
Stock for receivables	--	--	--	--	--	--	(4,987)	--	(4,987)
Reclassification of warrants to	--	--	--	--	(18,900)	--	--	--	(18,900)

derivative liability									
Amortization of warrants and options for employees and non-employees	--	--	--	--	43,962	--	--	--	43,962
Net loss	--	--	--	--	--	--	(628,225)	(628,225)	

BALANCE –									
March 31, 2009	184,144	\$ 184	252,707,114	\$ 252,707	\$ 28,789,045	\$ (5,768)	\$ (355,101)	\$ (30,722,832)	\$ (2,041,765)

See notes to condensed financial statements

PureSafe Water Systems, Inc.  
(Formerly Known as Water Chef, Inc.)  
(A Development Stage Company Commencing January 1, 2002)  
Condensed Statements of Cash Flow  
(Unaudited)

	Three Months Ended March 31,		January 1, 2002 to March 31, 2009
	2009	2008	
<b>Cash Flows from Operating Activities:</b>			
Net loss	\$ (628,225)	\$ (1,070,967)	\$ (16,191,235)
Adjustments to reconcile net loss to net cash used in operating activities -			
Depreciation	6,418	1,052	23,548
Amortization of patents	1,317	860	17,817
Interest expense - amortization of deferred financing	--	2,510	22,530
Stock-based compensation	63,962	107,072	2,736,656
Interest expense - conversion provision	-	--	113,000
Stock subscription - interest receivable	(4,988)	--	(17,902)
Accretion of debt discount	34,797	67,900	603,875
Change in fair value of warrants and embedded conversion options	162,500	627,800	(405,351)
(Gain) loss on settlement of debt	--	(226,467)	2,229,903
Non-dilution agreement termination cost	--	--	2,462,453
Inventory reserve	--	--	159,250
Write-off of stock subscription receivable	--	--	21,800
Financing costs - warrant extension	--	--	74,700
Change in assets and liabilities -			
Prepaid expenses and other current assets	17,035	4,853	13,389
Security deposit	--	--	(17,441)
Accounts payable, accrued expenses, accrued dividends, accrued compensation, accrued consulting and director fees, customer deposits and other current liabilities	186,587	(146,655)	1,981,541
<b>Net Cash Used in Operation Activities</b>	<b>(160,597)</b>	<b>(632,042)</b>	<b>(6,171,467)</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property and equipment	--	--	(159,567)
Patent costs	--	--	(53,871)
<b>Net Cash Used in Investing Activities</b>	<b>--</b>	<b>--</b>	<b>(213,438)</b>
<b>Cash Flows from Financing Activities:</b>			
Reduction of stock subscription receivable	--	--	65,700
Proceeds from sale of preferred stock	--	--	1,130,127
Proceeds from sale of common stock	195,500	500,000	4,056,060
Proceeds from exercise of warrants	--	9,350	9,350
Proceeds from sale of common stock to be issued	--	--	300,000
Deferred financing costs	--	--	(22,530)
Proceeds from convertible promissory note	--	--	850,000



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Proceeds from officers' and directors' loans	--	--	300,000
Repayment of notes payable	--	(28,654)	(274,999)
Net Cash Provided by Financing Activities	195,500	480,696	6,413,708

(Continued on following page)

PureSafe Water Systems, Inc.  
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 Condensed Statements of Cash Flow  
 (Unaudited)  
 (Continued From Previous Page)

	Three Months Ended March 31,		January 1, 2002 to March 31, 2009
	2009	2008	
Net (Decrease) Increase in Cash	34,903	(151,346)	28,803
Cash at Beginning of Year	29,411	415,400	35,511
Cash at End of Period	\$ 64,314	\$ 264,054	\$ 64,314
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for -			
Interest	\$ 567	\$ 1,868	\$ 370,920
<b>NON-CASH INVESTING ACTIVITIES:</b>			
Notes receivable for common stock issued	\$ --	--	\$ 674,400
<b>NON-CASH FINANCING ACTIVITIES:</b>			
Accrued compensation satisfied by issuance of common stock	--	--	\$ 55,250
Common stock issued in satisfaction of liabilities	\$ 27,368	\$ 362,509	\$ 7,065,239
Reclassification of derivative liabilities	\$ 18,900	\$ 111,400	\$ 520,066
Cancellation of debt for no consideration	--	\$ --	\$ 1,327,321

See notes to condensed financial statements

PureSafe Water Systems, Inc.  
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Notes to Condensed Financial Statements  
(Unaudited)

**NOTE 1: DESCRIPTION OF BUSINESS.**

PureSafe Water Systems, Inc. (formerly known as Water Chef, Inc.) (the "Company") is a Delaware corporation engaged in the design and development of its technology to be used in the manufacture and sale of water purification systems, the PureSafe(TM) First Response Water System (the "PureSafe FRWS"), both within and outside of the United States. The Company's corporate headquarters is located in Plainview, New York.

**NOTE 2: BASIS OF PRESENTATION AND ACCOUNTING POLICIES.**

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, these interim financial statements do not include all of the information and footnotes required for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to make the financial statements not misleading have been included.

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Netlist, Inc.

51 Discovery, Suite 150

Irvine, California 92618

Attention: Gail Sasaki

You may direct telephone requests to Gail Sasaki, our Chief Financial Officer, at (949) 474-4300.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports and proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available on the SEC's web site at <http://www.sec.gov>. Copies of certain information filed by us with the SEC are also available on our web site at <http://www.netlist.com>. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this document.

