

ALKAME HOLDINGS, INC.
Form 10-Q
October 31, 2018

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, 2016**

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: **333-175044**

Alkame Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation organization)

98-0661455

(I.R.S. Employer Identification No.)

3651 Lindell Road, Suite D #356, Las Vegas, NV 89103

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **702-273-9714**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by checkmark 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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes []
No [X]

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 [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[]	Accelerated filer	[]
Non-accelerated filer	[]	Smaller reporting company	[X]
		Emerging growth company	[]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provide pursuant to Section 13(a) of the Exchange Act. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: **5,500,000,000 common shares as of October 26, 2018.**

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Forward Looking Statements

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as may, should, expect, plan, anticipate, believe, estimate, predict, potential or continue or the negative of the comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, any of which may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

the uncertainty that we will not be able to successfully execute our business plan;

risks related to the large number of established and well-financed entities that are actively seeking suitable business opportunities;

risks related to the failure to successfully manage or achieve growth of a new business opportunity; and

other risks and uncertainties related to our business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited condensed consolidated financial statements are stated in United States dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended June 30, 2016, are not necessarily indicative of the results that can be expected for the full year.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to common stock refer to the common shares in our capital stock.

As used in this quarterly report, the terms we , us , our , our company and Alkame mean Alkame Holdings, Inc., otherwise stated.

ALKAME HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2016 <u>(Unaudited)</u>	December 31, 2015
<u>ASSETS</u>		
Current assets:		
	\$	\$
Cash	35,745	-
Accounts receivable (net of reserve for bad debts of \$9,498 and \$161,000, respectively)	52,799	28,238
Other receivable	5,710	18,000
Prepaid expenses	3,556	7,000
Inventory	35,368	59,904
Total current assets	133,178	113,142
Fixed and intangible assets:		
Manufacturing equipment, net	100,922	122,829
Software	8,998	11,997
Intangible assets, net	535	1,662
Fixed and intangible assets, net	110,455	136,488
Other assets:		
Deferred finance costs	1,931	5,513
Total other assets	1,931	5,513
	\$	\$
Total assets	245,564	255,143
<u>LIABILITIES AND STOCKHOLDERS DEFICIT</u>		
Current liabilities:		
	\$	\$
Cash overdraft	-	2,448
Accounts payable and accrued expenses	718,024	727,290
Accrued interest	183,626	272,391
Accrued compensation	621,945	513,480
Customer deposits	-	17,170
Legal obligations	120,000	120,000
Accrued contingencies	134,000	-
Loans from officer	25,334	26,456
Notes payable (net of debt discount of \$17,570 and \$35,095, respectively)	177,438	991,119
Note due Xtreme Shareholders	164,000	183,000
Convertible debt (net of debt discount of \$63,726 and \$27,411, respectively)	685,025	552,479
Derivative instrument liability	868,906	1,046,635

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Total current liabilities	3,698,298	4,452,468
Long-term liabilities:		
Notes payable - long term	93,700	24,573
Convertible debt - long term (net of debt discount of \$-0- and \$25,847, respectively)	-	29,486
Total long-term liabilities	93,700	54,059
Total liabilities	3,791,998	4,506,527
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - \$0.001 par value, authorized - 100,000,000 shares;		
Series A Convertible Preferred stock - \$0.001 par value, 12,000,000 shares designated; issued and outstanding - 12,000,000 and 12,000,000 shares, respectively	12,000	12,000
Series B Convertible Preferred stock - \$0.001 par value, 70,000,000 shares designated; issued and outstanding - 65,398,334 and 65,398,334 shares, respectively	65,398	65,398
Series C Convertible Preferred stock - \$0.001 par value, 10,000,000 shares designated; issued and outstanding 0 shares	-	-
Series D Convertible Preferred stock - \$0.001 par value, 4,000,000 shares designated; issued and outstanding - 2,000,000 and 2,000,000 shares, respectively	2,000	2,000
Series E Convertible Preferred stock - \$1 par value, 1,250,000 shares designated; issued and outstanding 0 shares	-	-
Common stock - \$0.001 par value, authorized 5,500,000,000 and 900,000,000 shares, respectively; issued and outstanding 636,528,654 and 198,485,547 shares, respectively	636,529	198,486
Common stock to be issued	13,500	13,500
Series C Convertible Preferred Stock to be issued	1,425,000	1,425,000
Series E Convertible Preferred stock to be issued	1,250,000	-
Additional paid-in capital	6,764,238	7,010,488
Accumulated deficit	(13,715,100)	(12,978,256)
Total stockholders' deficit	(3,546,434)	(4,251,384)
	\$	\$
Total liabilities and stockholders' deficit	245,564	255,143

See accompanying notes to the unaudited condensed consolidated financial statements

ALKAME HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended		For the six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	\$	\$	\$	\$
Revenues	47,670	307,245	121,643	601,251
Cost of sales	52,584	235,250	103,745	459,903
Gross (loss) profit	(4,914)	71,995	17,898	141,348
Operating expenses:				
Selling expenses	43,483	171,534	74,869	443,286
General and administrative	87,786	228,746	204,297	540,548
Depreciation and amortization	1,915	47,197	4,125	83,934
Total operating expenses	133,184	447,477	283,292	1,067,768
Loss from operations	(138,098)	(375,482)	(265,394)	(926,420)
Other Income / (Expense):				
Amortization of deferred financing costs	(1,042)	(16,914)	(3,640)	(63,369)
Interest expense	(103,206)	(31,970)	(382,078)	(75,422)
Amortization of ben				