

Patient Safety Technologies, Inc
Form 424B3
August 24, 2012

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-182481

PROSPECTUS SUPPLEMENT NO. 1
(to Prospectus dated July 16, 2012)

PATIENT SAFETY TECHNOLOGIES, INC.

This is a prospectus supplement to our prospectus dated July 16, 2012 (the “Prospectus”) relating to the resale from time to time by selling stockholders of up to 2,499,998 shares of our common stock. On August 10, 2012, we filed with the Securities and Exchange Commission a Quarterly Report on Form 10-Q. The text of the Quarterly Report on Form 10-Q is attached to and is a part of this supplement.

This prospectus supplement should be read in conjunction with the Prospectus and may not be delivered or utilized without the Prospectus. This prospectus supplement is qualified by reference to the Prospectus, except to the extent that the information provided by this prospectus supplement supersedes the information contained in the Prospectus.

The securities offered by the Prospectus involve a high degree of risk. You should carefully consider the “Risk Factors” referenced on pages 3-15 of the Prospectus in determining whether to purchase the common stock.

The date of this prospectus supplement is August 23, 2012.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

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:

001-09727

PATIENT SAFETY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or
organization)

13-3419202
(I.R.S. Employer
Identification No.)

2 Venture Plaza, Suite 350, Irvine, CA 92618
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (949) 387-2277

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 x No ..

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 x 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated ..

Accelerated filer ..

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filer

Non-accelerated (Do not check if smaller reporting
filer company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of outstanding shares of the registrant's common stock, par value \$0.33 per share, as of July 30, 2012 was 36,998,489.

PATIENT SAFETY TECHNOLOGIES, INC.

FORM 10-Q FOR THE QUARTER
ENDED JUNE 30, 2012

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Report”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. Our forward-looking statements relate to future events or our future performance and include, but are not limited to, statements concerning our business strategy, future commercial revenues, market growth, capital requirements, new product introductions, expansion plans and the adequacy of our funding. Other statements contained in this Report that are not historical facts are also forward-looking statements. You can sometimes identify forward-looking statements by our use of forward-looking words like “may,” “will,” “could,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “seeks,” “predicts,” “potential,” or “continue” or the negative of these terms and other similar expressions and terminology.

We caution investors that any forward-looking statements presented in this Report, or that we may make orally or in writing from time to time, are based on the beliefs of, assumptions made by, and information currently available to us. Although we believe that the plans, objectives, expectations and intentions reflected in or suggested by our forward-looking statements are reasonable, those statements are based only on the current beliefs and assumptions of our management and on information currently available to us and, therefore, they involve uncertainties and risks as to what may happen in the future. Accordingly, we cannot guarantee that our plans, objectives, expectations or intentions will be achieved. Our actual results, performance (financial or operating) or achievements could differ from those expressed in or implied by any forward-looking statement in this Report as a result of many known and unknown factors, many of which are beyond our ability to predict or control, and those differences may be material. These factors include, but are not limited to, those described under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011 filed on March 26, 2012 and amended on April 30, 2012, including without limitation the following:

- our ability to successfully implement hospitals under contract but not yet implemented;

- the early stage of adoption of our Safety-Sponge® System and the need to expand adoption of our Safety-Sponge® System;

- the impact on our future revenue and cash flow from the Forward Order (described herein) and ordering patterns of our exclusive distributor, Cardinal Health, Inc;

- our need for additional financing to support our business;

- our reliance on third-party manufacturers, some of whom are sole-source suppliers, and on our exclusive distributor;

- any inability to successfully protect our intellectual property portfolio; and

- the impact on our revenues and financial position from managing our growth, including the initial costs typically associated with hospital implementations.

This Report and all other written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in or referred to in this section.

Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans, objectives, expectations and intentions as of any subsequent date. Although we may elect to update or

revise forward-looking statements at some time in the future, we specifically disclaim any obligation to do so, even if our plans, objectives, expectations or intentions change.

HELPFUL INFORMATION

As used throughout this Quarterly Report on Form 10-Q, the terms “the Company,” “the registrant,” “we,” “us,” and “our” mean Patient Safety Technologies, Inc., a Delaware corporation, together with its consolidated subsidiary, SurgiCount Medical Inc., a California corporation, unless the context otherwise requires.

Unless otherwise indicated, all statements presented in this Quarterly Report on Form 10-Q regarding the medical patient safety market, the market for surgical sponges, our market share, the cumulative number of surgical sponges used and number of procedures are internal estimates only.

Safety-Sponge®, SurgiCounter™ and SurgiCount360™, among others, are registered or unregistered trademarks of Patient Safety Technologies, Inc. (including its subsidiary).

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PATIENT SAFETY TECHNOLOGIES, INC.

Condensed Consolidated Balance Sheets

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,845,868	\$ 3,668,524
Accounts receivable	1,569,554	1,307,510
Inventories, net	3,154,518	2,772,117
Prepaid expenses	41,607	180,802
Total current assets	10,611,547	7,928,953
Property and equipment, net	3,988,987	1,691,961
Goodwill	1,832,027	1,832,027
Patents, net	2,301,671	2,464,142
Other assets	37,462	40,463
Total assets	\$ 18,771,694	\$ 13,957,546
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 4,220,058	\$ 2,808,524
Accrued liabilities	472,714	574,917
Deferred revenue	1,612,594	545,027
Total current liabilities	6,305,366	3,928,468
Commitments and contingencies (Note 11)		
Stockholders' equity :		
Series A preferred stock, \$1.00 par value, cumulative 7% dividend: 1,000,000 shares authorized; 10,950 issued and outstanding at June 30, 2012 and December 31, 2011; (Liquidation preference of \$1.1 million at June 30, 2012 and December 31, 2011)	10,950	10,950
Series B convertible preferred stock, \$1.00 par value, cumulative 7% dividend: 150,000 shares authorized; 68,108 issued and outstanding at June 30, 2012 and 65,864 issued and outstanding at December 31, 2011; (Liquidation preference of \$6.8 million at June 30, 2012 and \$6.6 million at December 31, 2011)	68,108	65,864
Common stock, \$0.33 par value: 100,000,000 shares authorized; 36,998,489 shares issued and outstanding at June 30, 2012 and 34,020,255 shares issued and outstanding at December 31, 2011	12,209,501	11,226,684
Additional paid-in capital	61,275,304	57,733,790
Accumulated deficit	(61,097,535)	(59,008,210)
Total stockholders' equity	12,466,328	10,029,078

Total liabilities and stockholders' equity	\$ 18,771,694	\$ 13,957,546
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PATIENT SAFETY TECHNOLOGIES, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

Three Months Ended		Six Months Ended	
June 30,		June 30,	
2012	2011	2012	2011

Revenues