

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

OR

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

COMMISSION FILE NUMBER: 0-29185

SAVE THE WORLD AIR INC

(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada

52-2088326

(State of incorporation)

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

1285 Avenue of the Americas, 35th Floor
New York, NY 10019-6028

(Address of principal executive offices)

Phone 212 - 554 4197
(Issuer's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, PAR VALUE \$.01 PER SHARE

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 x No
--- ---

APPLICABLE ONLY TO CORPORATE ISSUERS

State the numbers of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Transitional Small Business Disclosure Format (Check one):
Yes No
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

INDEPENDENT AUDITORS REPORT

The Board of Directors  
Save the World Air, Inc.  
1285 Ave of the Americas, 35th Flr,  
New York  
NEW YORK 10019-6028

We have audited the accompanying balance sheet of Save the World Air, Inc as at June 30, 2000 and the related statements of operations, stockholder's equity and cash flows for the period January 1, 2000 to June 30, 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save the World Air, Inc. as of June 30, 2000 and the results of its operations and its cash flows for the period January 1, 2000 to June 30, 2000, in conformity with generally accepted principles.

/s/ Kevin Hoiberg

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AUDITOR

August 5, 2000

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SAVE THE WORLD AIR, INC.

BALANCE SHEET

AS AT JUNE 30 2000

	Jun-30 2000	Dec-31 1999
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash at Bank	-	595
	-----	-----
	-	595
FIXED ASSETS		
Marketing and Manufacturing Rights Zero Pollution Fuel Device	5,000	5,000
	-----	-----
TOTAL ASSETS	\$ 5,000	\$ 5,595
	=====	=====
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Loan - J & L Muller	187,902	-
STOCKHOLDERS EQUITY		
Common Stock 200,000,000 shares authorised at \$.001 par value. 15,623,433 issued and outstanding	15,623	15,297
Capital in excess of par	14,270	14,270
Accumulated Deficit	(212,795)	(23,972)
	-----	-----
TOTAL LIABILITY AND STOCKHOLDERS EQUITY	\$ 5,000	\$ 5,595
	=====	=====

Approved by the Board

The accompanying notes are an integral part of these financial accounts

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SAVE THE WORLD AIR INC

STATEMENT OF OPERATIONS  
FOR THE PERIOD ENDED JUNE 30, 2000

	Jun-30 2000	Dec-31 1999
	-----	-----
INCOME		
Sale of Licences for Distributorships	-	125,000
Consultancy Fees	9,980	-
	-----	-----
	9,980	125,000
	=====	=====
GENERAL AND ADMINISTRATIVE EXPENSES		
Accommodation	40,811	-
Accounting fees	4,875	-
Bank Charges	873	144
Car Hire	4,865	-
Computer Services	2,597	-
Consulting Fees	65,027	3,867
Filing Fees	1,581	-
Internet Services	3,337	-
Mineral Claims Written Off	1,955	-
Postage Fees	74	-
Printing & stationery	147	1,053
Professional Fees	1,021	62,500
Radio and PR Fees	13,594	-
Rent	1,216	-
Secretarial Fees	866	11,164
Telephone Costs	4,393	-
Transfer Agents Fees	13,018	-
Travel Costs	40,508	46,982
	-----	-----
TOTAL COSTS	198,803	127,665
	-----	-----
PROFIT (LOSS) FOR PERIOD	\$ (188,823)	\$ (2,665)
	=====	=====
Loss per Common Share		
Primary	\$ 0	\$ 0
	=====	=====

The accompanying notes are an integral part of these financial accounts

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SAVE THE WORLD AIR, INC  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
DATE OF INCEPTION TO JUNE 30, 2000

	Common stock in Shares	Capital in Excess of Par Value	Accumulated Deficit
Balance February 18, 1998 (Date of Inception)			
Issuance of Common Stock Cash at \$0.015 March 3 1998	4,000,000	2,000	-
Issuance of Common Stock Cash at \$0.003 March 5 1998	6,000,000	12,000	
Issuance of Common Stock Cash at \$0.01 per Share	30,000	270	

Issuance of Common Stock for services rendered at \$0.001	267,125		
Issuance of Common Stock for exchange of marketing rights	5,000,000		
Issuance of Common Stock for services rendered at \$0.001 for the period 1 January to 31 Mar-00	120,000		
Issuance of Common Stock for services rendered at June 2000 at \$.001	206,308		
Net Accumulated Losses to 30-Jun-00			(212,795)
-----			
BALANCE AS AT JUNE 30 2000	15,623,433	\$ 14,270	\$ (212,795)
=====			

The accompanying notes are an integral part of these financial accounts

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SAVE THE WORLD AIR, INC.

STATEMENT OF CASHFLOWS

JANUARY 1, 2000 TO JUNE 30, 2000

	Jun-30 2000	Dec-31 1999
	-----	-----
CASHFLOWS FROM OPERATING ACTIVITIES		
Cashflow arising from trading activities	(188,823)	(2,665)
Adjustments to reconcile net loss to net cash provided by operating activities:		
* Write off of Mineral Claims	1,955	-
* Consultancy Fees paid in Shares	326	267
NET CASH PROVIDED BY OPERATIONS	(188,497)	(443)
CASHFLOWS FROM INVESTING ACTIVITIES		
CASHFLOWS FROM FINANCING ACTIVITIES		
Loan J & L Muller	187,902	-
NET INCREASE IN CASH	(595)	(443)
CASH AT BEGINNING OF PERIOD	595	38
CASH AT END OF PERIOD	0	(405)

The accompanying notes are an integral part of these financial accounts

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SAVE THE WORLD AIR, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30 2000

1. DESCRIPTION OF THE BUSINESS

The Company was incorporated under the Corporate Charter issued by the Secretary of State of Nevada in the United States on February 18, 1998.

The company holds the rights to manufacture and market a device that decreases among other things, the carbon monoxide output on internal combustion engines.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted and include the following accounting principles.

(a) BASIS OF PRESENTATION - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business. The company has been engaged in the identification and development of its product known as the zero emission fuel saving device. The Company's ability to meet its obligations and successfully develop its project and, ultimately, to attain profitable operations is dependent upon further developing and marketing the device and obtaining additional financing from either third parties or its present shareholders.

(b) ACCOUNTING METHODS

The Company recognises income and expenses based on the accrual method of accounting.

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SAVE THE WORLD AIR, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(c) DIVIDEND POLICY

The Company has not yet adopted any policy regarding the payment of dividends.

(d) CASH AND CASH EQUIVALENTS

The Company considers all highly liquid instruments purchased with a maturity, at the time of purchase, of less than three months, to be cash equivalents.

(e) LOSS PER SHARE

Primary loss per share amount is computed based on the weighted average number of shares actually outstanding during the period reported on. Fully diluted loss per share is computed under the same basis since there are not warrants or share subscriptions outstanding.

(f) INCOME TAXES

For the period ended June 30 2000 (the date of these financial statements), the Company's operating expenditure exceeded income by \$188,823. The tax benefits from the loss carried forward is offset by a valuation reserve because the future tax benefit is indeterminable.

The net operating loss carryover will expire beginning in the year 2000 through 2013.

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SAVE THE WORLD AIR, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30 2000

2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(g) FOREIGN CURRENCY TRANSLATION

The translations of the Company completed in foreign dollars have been translated to US dollars. Assets and liabilities are translated at the year end exchange rates and the income and expenses at the average rates of exchange prevailing during the period reported on. Any gains or loss resulting from the translations would be shown in the Statement of Operations.

(h) FINANCIAL INSTRUMENTS

For cash, deposit and accounts payable and accrued liabilities, the carrying amount of these financial instruments approximates their fair value due to their short-term maturity capacity of prompt liquidation or settlement. The account payable does not bear any interest thereon.

(i) OPTIONS ISSUED

The company has issued options over 5 million shares to Mr and Mrs Muller.

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SAVE THE WORLD AIR INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE DEEMED BY THE COMPANY TO BE COVERED BY AND TO QUALIFY FOR THE SAFE HARBOR PROTECTION PROVIDED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THE SHAREHOLDERS AND PROSPECTIVE SHAREHOLDERS SHOULD UNDERSTAND THAT SEVERAL FACTORS GOVERN WHETHER ANY FORWARD - LOOKING STATEMENT CONTAINED HEREIN WILL BE OR CAN BE ACHIEVED. ANY ONE OF THOSE FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED HEREIN. THESE FORWARD - LOOKING STATEMENTS INCLUDE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, INCLUDING PLANS AND OBJECTIVES RELATING TO THE PRODUCTS AND THE FUTURE ECONOMIC PERFORMANCE OF THE COMPANY. ASSUMPTIONS RELATING TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS, FUTURE BUSINESS DECISIONS, AND THE TIME AND MONEY REQUIRED TO SUCCESSFULLY COMPLETE DEVELOPMENT PROJECTS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THOSE ASSUMPTIONS COULD PROVE INACCURATE AND, THEREFORE, THERE CAN BE NO ASSURANCE THAT THE RESULTS CONTEMPLATED IN ANY OF THE FORWARD -

LOOKING STATEMENTS CONTAINED HEREIN WILL BE REALIZED. BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENT, THE COMPANY MAY ALTER ITS MARKETING, CAPITAL EXPENDITURE PLANS OR OTHER BUDGETS, WHICH MAY IN TURN AFFECT THE COMPANY'S RESULTS OF OPERATIONS. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD LOOKING STATEMENTS INCLUDED THEREIN, THE INCLUSION OF ANY SUCH STATEMENT SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES OR PLANS OF THE COMPANY WILL BE ACHIEVED.

The Company was incorporated in February 1998 and the sole purpose of the Company is the manufacture and distribution of the device commonly referred to as the Zero Emission Fuel Saving Device ("ZEFS").

The Company has yet to make a profit and the Board of Directors believe that the Company will not make a profit in the immediate future.

The purpose of the Company is to develop the technology and then to sell Country, Regional and Area licences world wide for the distribution of the device. At the same time, the Company continues to research and develop the product for increasing technological efficiency. It is also examining the market capabilities of other new environmentally friendly technologies.

The Company does not have the liquidity nor the funding surplus to continue either its research and development or its day to day operations. These costs are being met from the personal resources of the majority shareholder. Once the Company reaches a level of profitability, the shareholder's loans will be expected to be repaid by the Company together with any deferred compensation due to the shareholder.

This shareholder has not placed an upper limit on the Company expenditure, but the Company anticipates that its reliance on this shareholder will diminish within the next two fiscal quarters as distribution licences are sold within mainland America and other countries.

The comparison of the second quarter and first six months of 2000 with the second quarter and first six months of 1999 indicates that the Company has increased its level of spending on company operations. Marketing efforts will be stepped up as finances allow.

### Item 3. RISKS

The Company will continue in its efforts to raise capital. There can be no assurance that the Company will be able to obtain capital.

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## PART II. OTHER INFORMATION

Item 1. Legal proceedings	NONE
Item 2. Changes in securities and use of proceeds	NONE
Item 3. Defaults on senior securities	NONE
Item 4. Submission of items to a vote	NONE
Item 5. Other information	NONE
Item 6.	
a) Exhibits	NONE
b) Reports on 8K	NONE

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## SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.



SAVE THE WORLD AIR, INC.  
(REGISTRANT)

Signature

Title

Date

/s/ Jeffrey A. Muller

Chairman and President

August 20, 2000

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(Jeffrey A. Muller)

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