

CoroWare, Inc,
Form 10-Q
August 19, 2011

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

FORM 10-Q

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

For the quarterly period ended June 30, 2011

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: 000-33231

COROWARE, INC.
(EXACT NAME OF THE COMPANY AS SPECIFIED IN ITS CHARTER)

Delaware
(State or Other Jurisdiction of
Incorporation)

95-4868120
(I.R.S. Employer Identification No.)

1410 Market Street, Suite 200 Kirkland, WA 98033
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(800) 641-2676
(ISSUER REGISTRANT TELEPHONE NUMBER)

Indicate by check mark whether the Company (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 Company 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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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(Do not check if a 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

As of August 14, 2011 there were 796,117,874 shares of the issuer's \$.001 par value common stock outstanding.

COROWARE, INC.

June 30, 2011 QUARTERLY REPORT ON FORM 10-Q

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COROWARE, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash	\$19,310	\$-
Accounts receivable, net	180,798	188,988
Inventory	7,582	4,818
Other current assets	10,000	10,673
Total current assets	217,690	204,479
Property and equipment, net	25,391	31,391
Intangible assets, net	-	11,081
Other assets, net	10,649	4,731
TOTAL ASSETS	\$253,730	\$251,682
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Lines of credit	\$125,135	\$124,991
Obligations collateralized by receivables	66,365	102,389
Accounts payable and accrued expenses	4,100,332	3,811,415
Accrued expenses, related parties	109,698	150,536
Notes payable	202,732	263,133
Notes payable, related parties	222,196	292,812
Derivative liability	2,645,004	1,825,216
Current maturities of convertible debt, net of discount	2,073,773	2,292,410
Redeemable preferred stock, Series B, \$.001 par value, 10,000,000 shares authorized, 159,666 shares issued and outstanding as of June 30, 2011 and December 31, 2010	127,732	260,958
Small Business Administration Loan	980,450	982,450
Total current liabilities	10,653,417	10,106,310
Long term liabilities:		
Convertible debt, net of discount and current portion	109,407	-
Total liabilities	10,762,824	10,106,310
Commitments		
Stockholders' deficit:		
Common stock, \$.001 par value, 900,000,000 shares authorized, 762,784,541 and 88,590,637 shares issued and 762,783,707 and 88,589,803 outstanding at June 30, 2011 and December 31, 2010, respectively	762,785	88,591
Additional paid-in capital	15,464,407	15,530,450

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Accumulated deficit	(26,700,586)	(25,437,969)
Treasury stock	(35,700)	(35,700)
Total stockholders' deficit	(10,509,094)	(9,854,628)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$253,730	\$251,682

The accompanying notes are an integral part of these consolidated financial statements.

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COROWARE, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Three and Six Months ended June 30, 2011 and 2010
 (Unaudited)

	Three Months Ended June		Six Months Ended June	
	2011	30, 2010	2011	30, 2010
Revenues	\$517,765	\$632,813	\$888,269	\$1,178,622
Cost of revenues	297,088	496,464	559,402	932,876
Gross profit	220,677	136,349	328,867	245,746
Operating expenses:				
General and administrative	226,109	261,514	475,495	502,739
Sales and marketing	103,825	64,409	182,498	95,123
Research and development	40,451	31,783	86,190	35,807
Depreciation and amortization	7,431	10,550		