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TOMBSTONE TECHNOLOGIES, INC.
Form 10-Q
May 15, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10Q

(Mark One)

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

For the quarterly period ended March 31, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 333-38184

TOMBSTONE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Colorado

(State of Incorporation)

51-0431963

(IRS Employer ID Number)

2400 Central Avenue, Suite G, Boulder, CO 80301

(Address of principal executive offices)

303-684-6644

(Registrant's Telephone number)

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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the 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 (ss.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 file, 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 Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

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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 share outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of April 29, 2009, there were 3,370,000 shares of the registrant's common stock issued and outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS

TOMBSTONE TECHNOLOGIES, INC.
Balance Sheets

March 31, 2009

Assets	
Current assets	
Cash and cash equivalents.....	\$ 5,556
Accounts receivable.....	--
Prepaid expenses.....	920
<hr/>	
Total current assets.....	6,476
Property and equipment.....	32,803
Accumulated depreciation.....	(17,804)
Net assets of discontinued operations.....	--
Deferred Charges.....	96,320
Intangible assets.....	484
<hr/>	
Total assets.....	\$ 118,279
<hr/>	
Liabilities and Shareholders' Equity	
Current liabilities:	
Accounts payable.....	\$ 17,071
Other current liabilities.....	38,769
Convertible Promissory Note.....	7,500
Unearned revenue.....	2,697
Current portion - capital lease obligation.....	--
<hr/>	
Total current liabilities.....	66,037
Capital lease obligation, less current portion.....	989
<hr/>	
Total liabilities.....	\$ 67,026
<hr/>	
Shareholders' equity:	
Preferred stock.....	--
Common stock.....	854,175
Additional paid-in capital.....	134,892
Deficit accumulated during development stage.....	(937,814)

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Total shareholders' equity.....	51,253
Total liabilities and shareholders' equity.....\$	118,279

See accompanying notes to financial statements
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TOMBSTONE TECHNOLOGIES, INC.
Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2009	2008
Continuing operations:		
Selling, general and administrative expenses.....\$	(28,185)\$	(68,406)
Loss from continuing operations.....	(28,185)	(68,406)
Other income and (expense):		
Interest income.....	5	2,380
Interest expense.....	(135)	(184)
Loss before income taxes and discontinued operations.....	(130)	2,196
Income tax provision.....	(28,315)	(66,210)
Income tax provision.....	--	--
Loss before discontinued operations.....	(28,315)	(66,210)
Discontinued operations:		
Loss from operations of playing card component, net of taxes.....	--	(48,896)
Net loss.....\$	(28,315)\$	(115,106)
Basic and diluted loss per share.....\$	(0.01)\$	(0.04)
Basic and diluted weighted average common shares outstanding.....	3,253,333	3,230,000

See accompanying notes to financial statements
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TOMBSTONE TECHNOLOGIES, INC.
Statements of Cash Flows
(Unaudited)

	March 31, ----- 2009 -----
Cash flows from operating activities:	
Net Cash Flows used in operating activities.....	(13,2 -----
Cash flows from investing activities:	
Purchase of property and equipment.....	-- -----
Net cash flows used in investing activities.....	-- -----
Cash flows from financing activities:	
Short Term Debt	7,5
Cash payments on capital lease.....	(5
Net cash flows used in.....	
financing activities.....	6,9 -----
Net change in cash and cash equivalents.....	(6,3 -----
Cash and cash equivalents:	
Beginning of period.....	11,8 -----
End of period.....\$	5,5 =====
Supplemental disclosure of cash flow information:	
Cash paid during the period for:	
Income taxes.....\$	-- =====

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Interest.....	\$	--
=====		
Noncash investing and financing information:		
Common stock issued for deferred software development.....	\$	37,8
=====		

See accompanying notes to financial statements
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TOMBSTONE TECHNOLOGIES, INC.
Statement of Changes in Shareholders' Equity
(Unaudited)

	Common Stock		Additional Paid-in Capital
	Shares	Amount	
	-----	-----	-----
Balance at January 1, 2009.....	3,230,000	\$ 816,305	\$ 134,892
Contributed services by vendors.....	140,000	37,870	--
Net loss.....	--	--	--
	-----	-----	-----
Balance at March 31, 2009.....	3,370,000	\$ 854,175	\$ 134,892
	=====	=====	=====

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TOMBSTONE TECHNOLOGIES, INC.
Note to Condensed Financial Statements
March 31, 2009
(Unaudited)

Note 1: Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Regulation S-K. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2009, the results of operations for the three months ended March 31, 2009 and 2008, and cash flows for the three months ended March 31, 2009 and 2008. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report on Form 10-K for the year ended December 31, 2008. There have been no updates or changes to our audited financial statements for the year ended December 31, 2008.

There is no provision for dividends for the quarter to which this quarterly report relates.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year.

Going Concern

The Company's financial statements for the three months ended March 31, 2009 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company reported an accumulated deficit of \$937,814 as of March 31, 2009. The Company did not recognize revenues from its activities during the three months ended March 31, 2009. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Note 2: Inventories

As of March 31, 2009, there were no inventories on hand to report.

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TOMBSTONE TECHNOLOGIES, INC.
Note to Condensed Financial Statements
March 31, 2009
(Unaudited)

Note 3: Convertible Promissory Note

The following is a summary of convertible promissory notes at March 31, 2009 and December 31, 2008:

March 31, 2009

Deco

Convertible promissory note payable to unrelated third party, with interest accruing at 8% per annum (paid quarterly) due for repayment 12 months from the date of issuance. The note was issued on March 18, 2009, immediately convertible into restricted shares of common stock at \$0.10 per share.	\$ 5,000
Convertible promissory note payable to unrelated third party with interest accruing at 8% per annum (paid quarterly) due for repayment 12 months from the date of issuance. The note was issued on March 30, 2009, immediately convertible into restricted shares of common stock at \$0.10 per share.	\$ 2,500
Total convertible promissory notes	----- \$ 7,500

Note 4: Shareholders' Equity

As of March 31, 2009 we had \$854,175 Common Stock no par value, additional paid in capital of \$134,892, and accumulated loss of \$(937,814), for net shareholder equity in the Company of \$51,253.

We recorded shares issued of 140,000 issued to Indis Baltic on March 3, 2009, with a value of \$37,870, as indicated in the contract with Indis Baltic.

Note 5: Income Taxes

The Company records its income taxes in accordance with Statement of Financial Accounting Standard No. 109 (SFAS No. 109), "Accounting for Income Taxes." The Company incurred net operating losses during the periods shown on the condensed financial statements resulting in a deferred tax asset, which was reserved; therefore the net benefit and expense resulted in \$-0- income taxes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many

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of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward-looking statements.

The independent registered public accounting firm's report on the Company's financial statements as of December 31, 2008, and for each of the years in the two-year period then ended, includes a "going concern" explanatory paragraph, that describes substantial doubt about the Company's ability to continue as a going concern.

OVERVIEW

At March 31, 2009, we had cash on hand of \$5,556. We intend to use our cash funds to continue operations. We intend to continue to develop the business opportunities presented by our OIEPrint(TM) software. The development of the business opportunities includes continued marketing efforts and product testing over the next twelve months.

In the continuance of our business operations we do not intend to purchase or sell any significant assets and we do not expect a significant change in the number of employees of the Company.

We are dependent on raising additional equity and/or debt to fund our ongoing operating expenses. There is no assurance that we will be able to raise the necessary equity and/or debt that we will need to be able to negotiate acceptable settlements with our outstanding creditors or fund our ongoing operating expenses. We cannot make any assurances that we will be able to raise funds through such activities.

In addition, the United States is experiencing severe instability in the commercial and investment banking systems which is likely to continue to have far-reaching effects on the economic activity in the country for an indeterminable period. The long-term impact on the United States economy and the Company's operating activities and ability to raise capital cannot be predicted at this time, but may be substantial.

On April 7, 2009, Mr. Michael Willis was appointed as Chief Executive Officer of the Company after the resignation of Mr. John Harris as the Chief Executive Officer.

RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2009 Compared to the Three Months Ended March 31, 2008

During the three months ended March 31, 2009, we did not recognize any sales from our operational activities. During the three months ended March 31, 2008, we did recognize sales of \$35,785 from the sale of our customized playing cards. The decrease in sales of \$35,785 was a result of the discontinuance of our

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activities in the printing of customized playing cards and a focus on the development of our OIE Print software.

During the three months ended March 31, 2009, we incurred operational losses of \$28,185 compared to \$68,406 during the three months ended March 31, 2008. The decrease of \$40,221 is a result of the decrease of \$40,221 in general and

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selling expenses combined with the discontinuance of the customized card printing operations as of December 31, 2008. No wages were paid or accrued during the quarter ended March 31, 2009.

During the three months ended March 31, 2009, we recognized a net loss of \$28,315 compared to a net loss of \$115,106 during the three months ended March 31, 2008. The decrease of \$86,791 is a result of the decreased operational activity discussed above offset by the decrease in sales.

LIQUIDITY

At March 31, 2009, we had total current assets of \$6,476, consisting of cash on hand of \$5,556, and \$920 in prepaid expenses. At March 31, 2009, we had total current liabilities of \$66,037, consisting of accounts payable of \$17,071 and other current liabilities of \$38,769, convertible notes payable of \$7,500, and the current portion of lease obligations of \$2,697. At March 31, 2009, we have a working capital deficit of \$59,561.

Net cash used in operating activities during the three months ended March 31, 2009 was \$13,267, compared to net cash used in operating activities during the three months ended March 31, 2008 of \$46,818.

The Company did not use or receive cash from investing activities in the three months ended March 31, 2009. During the three months ended March 31, 2008, the Company used \$2,979 in its investing activities, in the purchase of property and equipment.

During the three months ended March 31, 2009, we received \$6,941 from our financing activities. During the three months ended March 31, 2008, we did not use or receive any funds from financing activities.

During the three months ended March 31, 2009, we entered into convertible promissory notes totaling \$7,500. The convertible promissory notes have a term of one year and accrue interest at 8% per annum. The convertible promissory notes have a conversion rate of \$0.10 per share.

During the three months ended March 31, 2008, we issued 140,000 shares of our restricted common stock to Indis Baltic for the completion of their work on the development of the OIE Print Software. The shares had a value of \$37,870.

ITEM 3. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable

ITEM 4. CONTROLS AND PROCEDURES

Disclosures Controls and Procedures

We have adopted and maintain disclosure controls and procedures (as such term is defined in Rules 13a 15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC's rules and forms and that the information is gathered and

communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow for timely decisions regarding required disclosure.

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As required by SEC Rule 15d-15(b), Mr. Harris, our Chief Executive Officer at March 31, 2009 and Mr. Cox our Chief Financial Officer, for the quarter ended March 31, 2009, carried out an evaluation under the supervision and with the participation of our management, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 15d-14 as of the end of the period covered by this report. Based on the foregoing evaluation, Messrs. Harris and Cox have concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC filings and to ensure that information required to be disclosed in our periodic SEC filings is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure as a result of the deficiency in our internal control over financial reporting discussed below.

ITEM 4T. CONTROLS AND PROCEDURES

Management's Quarterly Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company in accordance with as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management's assessment of the effectiveness of the small business issuer's internal control over financial reporting is as of the quarter ended March 31, 2009. We believe that internal control over financial reporting is effective. We have not identified any, current material weaknesses considering the nature and extent of our current operations and any risks or errors in financial reporting under current operations.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2009, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

NONE

ITEM 2. CHANGES IN SECURITIES

The Company made the following unregistered sales of its securities from January 1, 2009 through March 31, 2009.

DATE OF SALE	TITLE OF SECURITIES	NO. OF SHARES	CONSIDERATION	CLASS OF PURCHASE
3/3/2009	Common Stock	140,000	Software Development	Business As

Exemption From Registration Claimed

All of the sales by the Company of its unregistered securities were made by the Company in reliance upon Section 4(2) of the Securities Act of 1933, as amended (the "1933 Act"). All of the individuals and/or entities listed above that purchased the unregistered securities were almost all existing shareholders, all known to the Company and its management, through pre-existing business relationships, as long standing business associates, and employees. All purchasers were provided access to all material information, which they requested, and all information necessary to verify such information and were afforded access to management of the Company in connection with their purchases. All purchasers of the unregistered securities acquired such securities for investment and not with a view toward distribution, acknowledging such intent to the Company. All certificates or agreements representing such securities that were issued contained restrictive legends, prohibiting further transfer of the certificates or agreements representing such securities, without such securities either being first registered or otherwise exempt from registration in any further resale or disposition.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE.

ITEM 5. OTHER INFORMATION

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NONE.

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ITEM 6. EXHIBITS

Exhibits. The following is a complete list of exhibits filed as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act

Exhibit 31.2 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act

Exhibit 32.1 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act

Exhibit 32.2 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act

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SIGNATURES

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Pursuant to the requirements of Section 12 of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOMBSTONE TECHNOLOGIES, INC.
(Registrant)

Dated: May 14, 2009

By: /s/ Michael Willis

Michael Willis, Chief Executive Officer

Dated: May 14, 2009

By: /s/ Neil A. Cox

Neil A. Cox, Chief Financial Officer &
Chief Accounting Officer