WARP 9, INC.
Form 10-Q
February 12, 2013

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended December 31, 2012

or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _______________ to ______________

Commission File Number: 0-13215

WARP 9, INC.

(Exact name of registrant as specified in its charter)

NEVADA	30-0050402
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6500 HOLLISTER AVENUE, SUITE 120, SANTA BARBARA, CA 93117

(Address of principal executive offices) (Zip Code)

(805) 964-3313

Registrant's telephone number, including area code

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

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 proceeding 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 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[_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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One).

Large accelerated filer	[___]	Accelerated filer	[___]
Non-accelerated filer (Do not check if a smaller reporting company)	[___]	Smaller reporting company	[_X_]

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 issuer's classes of common stock as of the latest practicable date.

As of February 12, 2013, the number of shares outstanding of the registrant's class of common stock was 96,135,126.

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PART I. - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 201
	(unaudited)
ASSETS	
CURRENT ASSETS	
Cash	$ 34
Accounts Receivable, net	73
Prepaid and Other Current Assets	8
TOTAL CURRENT ASSETS	116
PROPERTY & EQUIPMENT, at cost	
Furniture, Fixtures & Equipment	83
Computer Equipment	264
Computer Software	14
Leasehold Improvements	18
	381
Less accumulated depreciation	(321
NET PROPERTY AND EQUIPMENT	59
OTHER ASSETS	
Lease Deposit	8
Internet Domain, net	1
Licensing fees	11
TOTAL OTHER ASSETS	20
TOTAL ASSETS	$ 195
LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)	
CURRENT LIABILITIES	
Accounts Payable	$ 111

Accrued Expenses	92
Accrued Interest	5
Deferred Income	7
Deferred Operating Lease Liability	5
Note Payable, Other	37
Customer Deposit	9
TOTAL CURRENT LIABILITIES	270
TOTAL LIABILITIES	270
SHAREHOLDERS' EQUITY/(DEFICIT)	
Preferred Stock, $0.001 Par Value; 5,000,000 Authorized Shares; no shares issued and outstanding	
Common Stock, $0.001 Par Value; 495,000,000 Authorized Shares; 96,135,126 and 96,135,126 Shares Issued and Outstanding, respectively	96
Additional Paid In Capital	7,356
Accumulated Deficit	(7,527
TOTAL SHAREHOLDERS' EQUITY/(DEFICIT)	(74
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY/(DEFICIT)	$ 195

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

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WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		
	December 31, 2012	December 31, 2011	Dec
REVENUE	$ 260,706	$ 214,054	$
COST OF SERVICES	49,002	49,053	
GROSS PROFIT	211,704	165,001	
OPERATING EXPENSES			
Selling, general and administrative expenses	259,834	303,011	
Research and development	-	28,974	
Stock option expense	5,840	873	
Depreciation and amortization	5,411	5,482	

TOTAL OPERATING EXPENSES	271,085	338,340	
LOSS FROM OPERATIONS BEFORE OTHER INCOME/(EXPENSES)	(59,381)	(173,339)	
OTHER INCOME/(EXPENSES)			
Other income	7,500	7,500	
Gain on extinguishment of debt	-	-	
Interest expense	(996)	(1,055)	
TOTAL OTHER INCOME/(EXPENSES)	6,504	6,445	
LOSS FROM OPERATIONS BEFORE PROVISION FOR TAXES	(52,877)	(166,894)	
PROVISION FOR INCOME (TAXES)/BENEFIT			
Income taxes paid	-	-	
Income tax (provision)/benefit	-	-	
PROVISION FOR INCOME (TAXES)/BENEFIT	-	-	
NET LOSS	$ (52,877)	$ (166,894)	$
EARNINGS PER SHARE BASIC AND DILUTED	$ (0.00)	$ (0.00)	$
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED	96,135,126	96,135,126	

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

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY/(DEFICIT)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2012

	Preferred Stock		Common Stock		Additional
	Shares	Value	Shares	Value	Paid-in Capital
Balance, June 30, 2012	-	$ -	96,135,126	$ 96,135	$ 7,334,613
Stock compensation expense (unaudited)	-	-	-	-	9,521

Contributed services (unaudited)	-	-	-	-	12,000
Net loss (unaudited)	-	-	-	-	-
Balance, December 31, 2012 (unaudited)	-	$ -	96,135,126	$ 96,135	$ 7,356,134

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

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six M
	December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (77,0
Adjustment to reconcile net loss to net cash provided/(used) by operating activities	
Depreciation and amortization	11,0
Bad debt expense	(10,0
Cost of stock compensation recognized	9,5
Contributed services	12,0
Change in assets and liabilities:	

(Increase) Decrease in:		
Accounts receivable		30,0
Prepaid and other assets		2,9
Other assets		6,0
Increase/(Decrease) in:		
Accounts payable		20,3
Accrued expenses		(5,4
Deferred income		(25,5
Other liabilities		2,0
NET CASH PROVIDED/(USED) IN OPERATING ACTIVITIES		(23,9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(5,0
NET CASH PROVIDED/(USED) IN INVESTING ACTIVITIES		(5,0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on notes payable		
NET CASH PROVIDED/(USED) IN FINANCING ACTIVITIES		
NET DECREASE IN CASH		(29,0
CASH, BEGINNING OF YEAR		63,1
CASH, END OF PERIOD	$	34,0
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$	
Taxes paid	$	4

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

WARP 9, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
DECEMBER 31, 2012

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the six months ended December 31, 2012 are not necessarily indicative of the results that may be expected for the year ending June 30, 2013. For further information refer to the financial statements and footnotes thereto included in the Company's Form 10K for the year ended June 30, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Warp 9, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

ACCOUNTS RECEIVABLE

The Company extends credit to its customers, who are located primarily in California. Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial condition. Management reviews accounts receivable on a regular basis, based on contracted terms and how recently payments have been received to determine if any such amounts will potentially be uncollected. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. The balance of the allowance account at December 31, 2012 and June 30, 2012 are $42,408 and $52,408, respectively.

REVENUE RECOGNITION

The Company recognizes income when the service is provided or when product is delivered. We present revenue, net of customer incentives. Most of the income is generated from monthly fees from clients who subscribe to the Company's fully hosted web based e-commerce products on terms averaging twelve months. Unless terminated accordingly with prior written notice, the agreements automatically renew for another term.

We provide online marketing services that we purchase from third parties. The gross revenue presented in our statement of operations is in accordance with ASC 605-45.

We also offer professional services such as development services. The fees for development services with multiple deliverables constitute a separate unit of accounting in accordance with ASC 605-25, which are recognized as the work is performed.

Upfront fees for development services or other customer services are deferred until certain implementation or contractual milestones have been achieved. The deferred revenue as of December 31, 2012 and June 30, 2012 was $7,300 and $32,853, respectively.

For the quarter ended, December 31, 2012, monthly recurring fees for TCP, ICS and mobile services account for 22% of the Company's total revenues, professional services account for 73% and the remaining 5% of total revenues are from resale of third party products and services.

For the quarter ended, December 31, 2011, monthly recurring fees for TCP, ICS and mobile services account for 71% of the Company's total revenues, professional services account for 11% and the remaining 18% of total revenues are from resale of third party products and services.

STOCK-BASED COMPENSATION
The Company addressed the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The transactions are accounted for using a fair-value-based method and recognized as expenses in our statement of income. There was no material impact on the Company's financial statement of operations.

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. Stock-based compensation expense recognized in the consolidated statement of operations during the six months ended December 31, 2012, included compensation expense for the stock-based payment awards granted prior to, but not yet vested, as of December 31, 2012 based on the grant date fair value estimated. Stock-based compensation expense recognized in the statement of income for the six months ended December 31, 2012 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. The stock-based compensation expense recognized in the consolidated statements of operations during the six months ended December 31, 2012 and 2011 are $9,521 and $921 respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS
Management reviewed accounting pronouncements issued during the six months ended December 31, 2012, and no pronouncements were adopted during the period.

RECLASSIFICATION
Certain statement of operations amounts for the six months ended December 31, 2011 were reclassified to conform to the presentation of the period ended December 31, 2012.

3. LIQUIDITY AND OPERATIONS

The Company had net losses of ($77,032) and ($322,869) for the six months periods ended December 31, 2012 and 2011, respectively, and net cash used in operating activities of ($23,991) and ($412,066) for the same periods, respectively.

While we expect that our capital needs in the foreseeable future will be met by cash-on-hand and existing cash flow, there is no assurance that the Company will generate any or sufficient positive cash flows, or have sufficient capital, to finance its growth and business operations, or that such capital will be available on terms that are favorable to the Company or at all. The Company has recently been incurring operating losses and experiencing negative cash flow. In the current financial environment, it could become difficult for the Company to obtain business leases and other equipment financing. There is no assurance that we would be able to obtain additional working capital through the private placement of common stock or from any other source.

GOING CONCERN
The accompanying financial statements have been prepared on a going concern

basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company does not generate significant revenue, and has negative cash flows from operations, which raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, an additional cash infusion. Management believes the existing shareholders and potential prospective new investors will provide the additional cash needed to meet the Company's obligations as they become due, and will allow the development of its core of business.

4. CAPITAL STOCK

At December 31, 2012 and 2011, the Company's authorized stock consists of 495,000,000 shares of common stock, par value $0.001 per share. The Company is also authorized to issue 5,000,000 shares of preferred stock with a par value of $0.001. The rights, preferences and privileges of the holders of the preferred stock will be determined by the Board of Directors prior to issuance of such shares.

5. STOCK OPTIONS AND WARRANTS

On July 10, 2003, the Company adopted the Warp 9, Inc. Stock Option Plan for Directors, Executive Officers, and Employees of and Key Consultants to the Company. This Plan permits the Company to issue up to 25,000,000 shares of common stock upon exercise of stock options granted under the plan. Options granted under the Plan could be either Incentive Options or Nonqualified Options, and are administered by the Company's Board of Directors. Each option may be exercisable in full or in installment and at such time as designated by the Board. Notwithstanding any other provision of the Plan or of any Option Agreement, each option are to expire on the date specified in the Option Agreement, which date are to be no later than the tenth anniversary of the date on which the option was granted (fifth anniversary in the case of an Incentive Option granted to

a greater-than-10% stockholder). The purchase price per share of the Common Stock under each Incentive Option is to be no less than the Fair Market Value of the Common Stock on the date the option was granted (110% of the Fair Market Value in the case of a greater-than-10% stockholder). The purchase price per share of the Common Stock under each Nonqualified Option were to be specified by the Board at the time the Option was granted, and could be less than, equal to or greater than the Fair Market Value of the shares of Common Stock on the date such Nonqualified Option was granted, but were to be no less than 85% of the Fair Market Value of the Common Stock on the date of grant. The Plan provides specific language as to the termination of options granted.

On October 12, 2011, the Company granted 3,000,000 employee qualified (incentive) stock options, and 500,000 non-qualified stock options at an exercise price of $0.004. The options vest 1/48th monthly and expire on October 12, 2021. During the six months ended December 31, 2012, 2,500,000 of these incentive stock options were forfeited due to terminations.

On August 13, 2012, the Company granted 12,500,000 non-qualified stock options at an exercise price of $0.0053. The options vest 1/36th monthly and expire on August 13, 2019.

A summary of the Company's stock option activity for the three months ending December 31, 2012, and related information follows:

	December 31, 2012	
	Options	Weighted average exercise price
Outstanding -beginning of period	15,578,000	$ 0.006
Granted	-	-
Exercised	-	-
Forfeited	(2,070,000)	0.009
Outstanding - end of period	13,508,000	$ 0.005
Exercisable at the end of period	1,910,009	$ 0.005
Weighted average fair value of options granted during the year		$ 66,250

The Black Scholes option valuation model was developed for use in estimating the fair value of traded options, which do not have vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted average remaining contractual life of options outstanding issued under the plan as of December 31, 2012 was as follows:

Exercise prices	Number of options outstanding	Weighted Average remaining contractual life (years)
$ 0.050	8,000	5.58
$ 0.005	12,500,000	6.62
$ 0.004	1,000,000	8.79
	13,508,000	

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events according to the requirements of ASC TOPIC 855, and has determined that no such events require disclosure.

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

CAUTIONARY STATEMENTS

This Form 10-Q may contain "forward-looking statements," as that term is used in federal securities laws, about Warp 9, Inc.'s financial condition, results of operations and business. These statements include, among others:

- statements concerning the potential benefits that Warp 9, Inc. ("W9," "we," "us," "our," or the "Company") may experience from its business activities and certain transactions it contemplates or has completed; and

- statements of W9's expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts. These statements may be made expressly in this Form 10-Q. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "opines," or similar expressions used in this Form 10-Q. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause W9's actual results to be materially different from any future results expressed or implied by W9 in those statements. The most important facts that could prevent W9 from achieving its stated goals include, but are not limited to, the following:

  (a) volatility or decline of the Company's stock price;

  (b) potential fluctuation in quarterly results;

  (c) failure of the Company to earn revenues or profits;

  (d) inadequate capital to continue or expand its business, and inability to raise additional capital or financing to implement its business plans;

  (e) failure to further commercialize its technology or to make sales;

  (f) loss of customers and reduction in demand for the Company's products and services;

  (g) rapid and significant changes in markets;

  (h) litigation with or legal claims and allegations by outside parties, reducing revenue and increasing costs;

  (i) insufficient revenues to cover operating costs;

  (j) failure of the re-licensing or other commercialization of the Roaming Messenger technology to produce revenues or profits;

  (k) aspects of the Company's business are not proprietary and in general the Company is subject to inherent competition;

  (l) further dilution of existing shareholders' ownership in Company;

  (m) uncollectible accounts and the need to incur expenses to collect amounts owed to the Company;

(n) the Company does not have an Audit Committee nor sufficient independent directors.

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services or successfully compete,, the Company's products and services may become obsolete, government regulation may hinder the Company's business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, the exercise of outstanding warrants and stock options, or other risks inherent in the Company's businesses.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. W9 cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-Q. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that W9 or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-Q, or to reflect the occurrence of unanticipated events.

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CURRENT OVERVIEW

W9 is a provider of e-commerce software platforms and services for the catalog and retail industry. Our suite of software platforms are designed to help multi-channel retailers maximize the Internet channel by applying our technologies for online catalogs, e-mail marketing campaigns, and interactive visual merchandising. Offered as an outsourced and fully managed Software-as-a-Service ("SaaS") model, our products allow customers to focus on their core business, rather than technical implementations and software and hardware architecture, design, and maintenance. We also offer professional services to our clients which include online catalog design, merchandizing and optimization, order management, e-mail marketing campaign development, integration to third party payment processing and fulfillment systems, analytics, custom reporting and strategic consultation.

Our products and services allow our clients to lower costs and focus on promoting and marketing their brand, product line and website while leveraging the investments we have made in technology and infrastructure to operate a dynamic online Internet presence.

We charge our customers a monthly fee for using our e-commerce software based on a SaaS model. These fees include fixed monthly charges, and variable fees based on the sales volume of our clients' e-commerce websites. Unlike traditional software companies that sell software on a perpetual license where quarterly and annual revenues are quite difficult to predict, our SaaS model spreads the collection of contract revenue over several quarters or years and makes our revenues more predictable for a longer period of time.

While the Warp 9 Internet Commerce System ("ICS") is our flagship and highest revenue product, we have developed and deployed new products based on a proprietary virtual publishing technology. These new products allow for the creation of interactive web versions of paper catalogs and magazines where users can flip through pages with a mouse and click on products or advertisements. These magazines or catalogs have built-in integration for e-commerce transactions through our ICS product and other transaction based activities. Accordingly, when shoppers click on a product, they are taken to the e-commerce product page where they can add that product to their shopping cart for purchasing. Clients utilizing this technology have discovered when exposing consumers to the virtual catalogs, a higher average order size and significant increase in rate of conversion result. We have sold this solution on a limited basis while we continue to refine the product and technology. We believe there could be many markets for our virtual catalog and magazine technology and we expect to test market these new products in the future.

Research and development efforts have been focused both on updating our flagship ICS e-commerce platform as well as developing new products and on updating our current products with new features. In the planning phase of our development efforts, we look to direct client feedback and feature requests. We study the e-commerce landscape to determine features that will provide our clients with a competitive advantage in producing greater and more effective selling. We also examine features that will create a competitive advantage during our sales process to clients. Emerging and declining trends also play a role in how clients perceive what features should be provided by which vendors. We are sometimes able to capitalize on these opportunities by bundling features for greater value and/or increased fees and revenue. Management believes that in order to compete successfully, it must dedicate a greater allocation of resources to research and development. Updating our platform, creating new products and revamping the current products must be part of the ongoing operational practice in order to compete successfully. There can be no assurance that management will be able to successfully devote the resources needed for this research and development and that it will be able to compete successfully.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements.

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

We follow the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104. Under Staff Accounting Bulletin 101, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable and (iv) collection is reasonably assured.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected in the future. Actual results may differ from those estimates.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED DECEMBER 31, 2012, cOMPARED TO THE SIX MONTHS ENDED DECEMBER 31, 2011

REVENUE

Total revenue for the six months ended December 31, 2012 increased by $202,944 to $611,437 compared to $408,493 for the same prior period. The overall increase in revenue was primarily the result of an increase in upfront fees for mobile e-commerce website development.

COST OF REVENUE

The cost of revenue for the six months ended December 31, 2012 increased by $1,276 to $102,329 compared to $101,053 for the same prior period. The overall increase was primarily due to costs incurred to produce e-commerce websites.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the six months ended December 31, 2012 increased $17,555 to $572,449 compared to $554,894 for the same prior period. The overall increase in SG&A expenses was primarily due to an increase in salary expense.

RESEARCH AND DEVELOPMENT

Research and development expenses for the six months ended December 31, 2012 decreased $54,704 to $13,307 as compared to $68,011 for the same prior period. The decrease was due to a reduction in time devoted to the new TCP platform and instead devoting those resources to operations and current project production.

NET INCOME/(LOSS)

The consolidated net loss for the six months ended December 31, 2012 was ($77,032) compared to the consolidated net loss of ($322,869) for the same prior period. The decrease in net loss for the period was primarily due to an increase in mobile e-commerce website upfront revenue.

LIQUIDITY AND CAPITAL RESOURCES

The Company had net working capital deficit (i.e. the difference between current assets and current liabilities) of ($154,436) at December 31, 2012 as compared to a net working capital deficit of ($110,972) at June 30, 2012. The decrease in net working capital at December 31, 2012 was caused by an increase in operating expenses.

Cash flow used in operating activities was ($23,991) for the six months ended December 31, 2012 as compared to cash flow used in operating activities of ($412,066) for the same prior period. The decrease in cash flow used in operating activities of $388,075 was primarily due to a decrease in net loss and accounts receivable, and an increase in accounts payable.

Cash flow used in investing activities was ($5,017) for the six months ended December 31, 2012 as compared to cash flow used in investment activities of ($7,893) for the same prior period. The decrease in cash flow used in investing activities of $2,876 was primarily due to the decrease of equipment purchases during the current period.

Cash flow used in financing activities was $0 for the six months ended December 31, 2012 as compared to $0 for the same prior period.

While we expect that our capital needs in the foreseeable future will be met by cash-on-hand and existing cash flow, there is no assurance that the Company will generate any or sufficient positive cash flows, or have sufficient capital, to finance its growth and business operations, or that such capital will be available on terms that are favorable to the Company or at all. The Company has recently been incurring operating losses and experiencing negative cash flow. In the current financial environment, it could become difficult for the Company to obtain business leases and other equipment financing. There is no assurance that we would be able to obtain additional working capital through the private placement of common stock or from any other source.

OFF-BALANCE SHEET ARRANGEMENTS

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by W9 in the reports that it files under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer that it files under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officers, or persons performing similar functions as appropriate to allow timely decisions regarding required disclosure. The Company's Chairman, Chief Executive Officer, and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2012 (under the supervision and with the participation of the Company's Chairman, Chief Executive Officer and Chief Financial Officer) pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. As part of such evaluation, management considered the matters discussed below relating to internal control over financial reporting. Based on this evaluation, the Company's Chairman, Chief Executive Officer, and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2012.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or the degree of compliance with the policies or procedures may deteriorate. After evaluating the Company's internal controls over financial reporting, the Company's Chairman, Chief Executive Officer, and Chief Financial Officer have concluded that the internal controls over financial reporting are effective as of December 31, 2012.

NO ATTESTATION REPORT BY INDEPENDENT REGISTERED ACCOUNTANT

The effectiveness of our internal control over financial reporting as of December 31, 2012 has not been audited by our independent registered public accounting firm by virtue of our exemption from such requirement as a smaller reporting company.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's six month period ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no current legal proceedings at this time. The Company may file collection actions and be involved in other litigation in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
31.1	Section 302 Certification
31.2	Section 302 Certification
32.1	Section 906 Certification
32.2	Section 906 Certification
EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT

EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
EX-101.LAB	XBRL TAXONOMY EXTENSION LABELS LINKBASE
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WARP 9, INC.

(Registrant)

Dated: February 12, 2013

By: /s/ Andrew Van Noy

Andrew Van Noy, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Andrew Van Noy

Dated: February 12, 2013

Andrew Van Noy, Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ Gregory S. Boden

Gregory S. Boden, Chief Financial Officer
(Principal Financial/Accounting Officer)