MPHASE TECHNOLOGIES INC Form 10-Q February 14, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

FOR THE QUARTER ENDED December 31, 2011

COMMISSION FILE NO. 000-30202

FORM 10-Q

mPhase Technologies, Inc.

(Exact name of registrant as specified in its charter)

NEW JERSEY

(State or other jurisdiction of incorporation or organization)

22-2287503

(I.R.S. Employer Identification Number)

587 CONNECTICUT AVE., NORWALK, CT

(Address of principal executive offices)

06854-1711

(Zip Code)

(203) 838-2741 ISSUER STELEPHONE 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 PRECEDING 12 MONTHS (OR FOR SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORT), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES[X] NO[]

THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT S CLASSES OF COMMON STOCK AS OF February 5, 2012 IS 2,877,764,439 SHARES, ALL OF ONE CLASS OF \$.01 PAR VALUE COMMON STOCK.

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mPHASE TECHNOLOGIES, INC.

(A Development Stage Company)

Consolidated Balance Sheets

CURRENT ASSETS			June 30, 2011		December 31, 2011 (unaudited)	
Cash \$ 1,744 \$ 2,009 Stock subscription receivable 50,000 - Inventory 102,532 103,318 Prepaid and other current assets 35,242 29,216 TOTAL CURRENT ASSETS \$ 189,518 \$ 131,548 Property and equipment, net 45,114 42,262 Other Assets 2 34,632 \$ 186,055 LIABILITIES AND STOCKHOLDERS DEFICIT CURRENT LIABILITIES Accord expenses 162,038 206,821 Accrued expenses 162,038 206,821 Notes payable, related parties 177,242 176,761 Note spayable, related parties 875,712 952,154 Short term notes 868,376 868,376 Schort term notes 868,376 868,376 Schort term notes 868,376 868,376 Current Portion, Long term debt 11,486 12,156 OTTAL CURRENT LIABILITIES 2,895,011 3,031,100 Cong term portion Equipment loan 16,645,75 249,700 Convertible debe derivative l						
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Prepaid and other current assets 35,242 29,216 TOTAL CURRENT ASSETS 189,518 131,543 Property and equipment, net 45,114 42,262 Other Assets 234,632 186,305 TOTAL ASSETS 234,632 186,305 LIABILITIES AND STOCKHOLDERS DEFICIT CURRENT LIABILITIES Accounts payable 735,145 749,922 Accounts payable, related parties 162,038 206,821 Due to related parties 875,724 952,154 Short term notes 65,000 65,000 Accounts Payable and Accrued Expenses-Discontinued 868,376 868,376 Activities 868,376 868,376 11,486 12,156 CUrrent Portion, Long term debt 11,486 12,156 10,006 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 1,664,575 249,700 Convertible debt derivative liability 1,664,575 249,700 CONMITMENTS AND CONTINGENCIES -(Note 4) 1,250,505 1,409,110 STOCKHOLDERS DEFICIT <th colspa<="" td=""><td></td><td></td><td></td><td></td><td>-</td></th>	<td></td> <td></td> <td></td> <td></td> <td>-</td>					-
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Other Assets 12,500 TOTAL ASSETS \$234,632 \$186,305 LIABILITIES AND STOCKHOLDERS DEFICIT CURRENT LIABILITIES Accounts payable \$735,145 \$749,922 Accounts payable and Expenses 162,038 206,821 Due to related parties 177,242 176,761 Notes payable, related parties 875,724 952,154 Short term notes 65,000 65,000 Accounts Payable and Accrued Expenses-Discontinued 868,376 868,376 Current Portion, Long term debt 11,486 12,156 TOTAL CURRENT LIABILITIES \$2,895,011 \$3,031,190 Long term portion Equipment loan 16,315 10,066 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 249,700 Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 2011 and December 31, 2011, respectively 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 sh	Property and equipment, net		45,114		42,262	
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Accounts payable \$ 735,145 \$ 749,922 Accrued expenses 162,038 206,821 Due to related parties 177,242 176,761 Notes payable, related parties 875,724 952,154 Short term notes 65,000 65,000 Accounts Payable and Accrued Expenses-Discontinued 868,376 868,376 Current Portion, Long term debt 11,486 12,156 TOTAL CURRENT LIABILITIES 2,895,011 \$ 3,031,190 Long term portion Equipment loan 16,315 10,066 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 249,700 Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 268,109,73 Deferred Compensation -						
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Short term notes 65,000 65,000 Accounts Payable and Accrued Expenses-Discontinued 868,376 868,376 Current Portion, Long term debt 11,486 12,156 TOTAL CURRENT LIABILITIES 2,895,011 3,031,190 Long term portion Equipment loan 16,315 10,066 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 1,664,575 249,700 Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 2011 and December 31, 2011, respectively 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	*					
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Current Portion, Long term debt 11,486 12,156 TOTAL CURRENT LIABILITIES 2,895,011 3,031,190 Long term portion Equipment loan 16,315 10,066 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 249,700 Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 2011 and December 31, 2011, respectively 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	•		868 376		868 376	
TOTAL CURRENT LIABILITIES \$ 2,895,011 \$ 3,031,190 Long term portion Equipment loan 16,315 10,066 OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) 1,664,575 249,700 Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) *** *** *** STOCKHOLDERS DEFICIT *** *** *** Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation *** (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)						
OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) Convertible debt derivative liability		\$		\$	· ·	
OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3) Convertible debt derivative liability	Long term portion Equipment loop		16 315		10.066	
Convertible debt derivative liability 1,664,575 249,700 Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) 1,250,505 1,409,110 STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	Long term portion Equipment toan		10,313		10,000	
Convertible debentures, net of discount of \$300,000 and \$288,259 on June 30, 2011 and December 31, 2011, respectively 1,250,505 1,409,110 COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	OTHER OBLIGATIONS CONVERTIBLE TO EQUITY- (Note 3)					
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COMMITMENTS AND CONTINGENCIES -(Note 4) STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively Additional paid in capital Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)			1 250 505		1 400 110	
STOCKHOLDERS DEFICIT Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	2011 and December 31, 2011, respectively		1,230,303		1,402,110	
Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	COMMITMENTS AND CONTINGENCIES -(Note 4)					
Common stock, par value \$.01, 6,000,000,000 shares authorized, 1,628,502,264 and 2,795,950,740 shares issued and outstanding at June 30, 2011 and December 31, 2011, respectively 16,285,022 27,959,507 Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	STOCKHOI DEDS DEFICIT					
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Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	•					
Additional paid in capital 172,775,132 168,510,973 Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)			16,285,022		27,959,507	
Deferred Compensation - (283,083) Deficit accumulated during development stage (194,643,955) (200,693,185)	- •		172,775,132		168,510,973	
Deficit accumulated during development stage (194,643,955) (200,693,185)			-		(283,083)	
	•		(194,643,955)			
	The state of the s				(7,973)	

TOTAL STOCKHOLDERS DEFICIT

(\$5,591,774) (\$4,513,761)

TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT \$ 234,632 \$ 186,305

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

mPHASE TECHNOLOGIES, INC. (A Development Stage Company) Consolidated Statements of Operations

(Unaudited)

		For the Thre	Date of Inception to		
	Dec	December 31, 2010		December 31, 2011	December 31, 2011
REVENUES	\$	1,343	\$	1,261	\$ 744,900
COSTS AND EXPENSES					
Cost of Sales		5,191		1,007	117,542
Research and Development (including non-cash stock related charges of \$0, \$0 and \$205,733 for the three months ended December 31, 2010 & 2011 and inception to date respectively)	k	140,815		9,985	12,308,950
General and Administrative (including non-cash stock related charges of \$0, \$0 and \$19,274,854 for the three months ended December 31, 2010 & 2011		446 701		246,020	24.465.224
and inception to date respectively)		446,701		346,820	34,465,334
Depreciation and Amortization		3,873		3,681	585,692
TOTAL COSTS AND EXPENSES		596,580		361,493	47,477,518
OPERATING LOSS	\$	(595,237)	\$	(360,232)	\$ (46,732,618)
OTHER INCOME (EXPENSE)		(25, 404)		(44.205)	(2.742.5(0)
Interest (Expense) Net Reparation, Impairment and Other Income		(25,401)		(44,285)	(2,742,560)
(Expense) Net (Charges)/Credits related to Convertible Debt		0 (100,471)		0 534,509	(6,582,981) (91,213)
_					
TOTAL OTHER INCOME (EXPENSE)		(125,872)		490,224	(9,416,754)
Income (Loss) From Continuing Operations, before Income Taxes		(721,109)		129,992	(56,149,372)
Income (Loss) From Discontinued Operations, Net of Income Taxes of \$0 in 2010 and 2011, offset by benefit from tax loss carryforwards of \$0 in 2010 and 2011 (including non-cash stock related charges of \$0 and \$57,515,718 for the three months ended December 31, 2010 & 2011 and inception to date	1	-		-	(144,543,812)

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respectively)

Income Taxes		-		-	-		
Net Income (Loss)	\$	(721,109)	\$	129,992	\$ (200,693,184)		
Net loss per share from:							
Continuing Operations-Basic	\$	0.00	\$	0.00			
Discontinued Operations-Basic		-		-			
Continuing Operations-Diluted		N/A	\$	0.00			
Discontinued Operations-Diluted		N/A		-			
Weighted Average Number of Shares Outstanding;							
Basic	1,22	6,037,125		2,765,647,479			
Diluted		N/A		3,608,180,728			
The accompanying notes are an integral part of these consolidated financial statements.							

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mPHASE TECHNOLOGIES, INC. (A Development Stage Company) Consolidated Statements of Operations (Unaudited)

	For the Six Months Ended				Date of Inception	
	Γ	December 31, 2010		December 31, 2011	to December 31, 2011	
REVENUES	\$	30,151	\$	1,261	\$ 744,900	
COSTS AND EXPENSES						
Cost of Sales		14,658		1,578	117,542	
Research and Development (including non-cash stock related charges of \$0, \$0 and \$205,733 for the six months ended December 31, 2010 & 2011 and inception to date respectively)	ed	334,595		51,388	12,308,950	
General and Administrative (including non-cash stock related charges of \$62,945, \$6,520,500 and \$19,274,854 for the six months ended December 31, 2010 & 2011 and inception to						
date respectively)		969,695		7,235,281	34,465,334	
Depreciation and Amortization		7,746				