

TRIBEWORKS INC
Form 10QSB
May 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(Mark one)

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

For the quarterly period ended March 31, 2007

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

For the transition period from _____ to _____

TRIBEWORKS, INC.

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

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

94-3370795
(I.R.S. Employer
Identification No.)

2001 152nd AVENUE NE
REDMOND, WASHINGTON 98052
(Address of Principal Executive Offices)

(425) 458-2360
(Issuer's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of the close of business on May 17, 2007, there were 26,331,805 shares outstanding of the issuer's common stock, par value \$0.0004 per share.

Transitional Small Business Disclosure Format: Yes No



TRIBEWORKS, INC.
FORM 10-QSB FOR THE QUARTER ENDED MARCH 31, 2007

TABLE OF CONTENTS

		Page
PART I - FINANCIAL INFORMATION		4
Item 1.	Financial Statements	4
	Unaudited Consolidated Balance Sheets March 31, 2007 and December 31, 2006	4
	Unaudited Consolidated Statements of Income (Loss) Three Months Ended March 31, 2007 and 2006	5
	Unaudited Consolidated Statements of Cash Flows for Three Months Ended March 31, 2007 and 2006	6
	Condensed Notes To Unaudited Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis or Plan of Operation.	14
Item 3.	Controls and Procedures	17
PART II — OTHER INFORMATION		18
Item 1.	Legal Proceedings	18
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3.	Defaults Upon Senior Securities	18
Item 4.	Submission of Matters to a Vote of Security Holders	18
Item 5.	Other Information	18
Item 6.	Exhibits	19
SIGNATURES		20

Exhibits

Certification of CEO Pursuant to Rule 13a-14(a)

Certification of CFO Pursuant to Rule 13a-14(a)

Certification of CEO Pursuant to Section 906

Certification of CFO Pursuant to Section 906

3

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements.**

TRIBEWORKS, INC.
UNAUDITED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2007

ASSETS	March 31,	December 31,
	2007	2006
Current Assets		
Cash	\$ 214,766	\$ 130,991
Accounts receivable	20,012	10,229
VAT receivable	56,961	40,705
Prepaid expenses	38,828	23,731
Total Current Assets	330,567	205,656
Other Assets		
Equipment and furniture, net	257,137	209,854
Software development, net	481,496	421,727
IT Technology	1,340,313	835,192
Customer list and Trademarks	555,312	—
Total Other Assets	2,634,258	1,466,773
Total Assets	\$ 2,964,825	\$ 1,672,429
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 637,672	\$ 552,971
Accrued expenses	409,144	150,999
Income taxes payable	1,543	5,440
Loans payable, related parties	271,845	70,582
Loan payable	120,000	120,000
Total Current Liabilities	1,440,204	899,992
Commitments and Contingencies		
Stockholders' Equity		
Common stock: \$.0004 par value, 200,000,000 shares authorized, 26,331,805 (2006 - 25,081,805) shares issued and outstanding respectively	10,524	10,024
Additional paid-in capital	7,807,443	6,272,168
Accumulated (deficit)	(6,135,220)	(5,510,539)
Other comprehensive income (loss)	(158,126)	784
Total Stockholders' Equity	1,524,621	772,437
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,964,825	\$ 1,672,429

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

TRIBEWORKS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended March 31,	
	2007	2006
REVENUES	\$ 105,813	\$ —
COST OF SALES	83,712	—
GROSS PROFIT	22,101	—
OPERATING EXPENSES		
IT software development	235,377	137,455
Sales and marketing	66,315	12,695
Depreciation	22,522	—
General and administrative	310,979	113,813
	635,193	263,963
INCOME (LOSS) FROM OPERATIONS	(613,092)	(263,963)
Interest income	44	1,145
Interest expense	(11,293)	—
	(11,249)	1,145
INCOME (LOSS) BEFORE INCOME TAXES	(624,341)	