

Sugarmade, Inc.  
Form 10-Q  
November 14, 2012

---

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2012

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-23446

SUGARMADE, INC.  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or jurisdiction of incorporation or  
organization)

94-3008888  
(I.R.S. Employer Identification No.)

2280 Lincoln Avenue, Suite 200,  
San Jose CA  
(Address and of principal executive offices)

95125  
(Zip Code)

888-747-6233  
(Registrant's telephone number, including area code)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the 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 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 Web site, 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 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.

Edgar Filing: Sugarmade, Inc. - Form 10-Q

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

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

At November 12, 2012 there were 10,538,526 shares outstanding of the issuer's common, the only class of common equity.

Transitional Small Business Disclosure Format (Check one): Yes  No

---

---

---

SUGARMADE, INC.  
FORM 10-Q  
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

## TABLE OF CONTENTS

## PART I: Financial Information

Item 1 –	Financial Statements	
	Condensed Consolidated Balance Sheets (unaudited) as of September 30, 2012 and June 30, 2012	4
	Condensed Consolidated Statements of Operations (unaudited) for the three months ended September 30, 2012 and 2011	5
	Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended September 30, 2012 and 2011	6
	Notes to Condensed Consolidated Financial Statements (unaudited)	7
Item 2 –	Management’s Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3 –	Quantitative and Qualitative Disclosures about Market Risk	19
Item 4 –	Controls and Procedures	19

## PART II: Other Information

Item 1 –	Legal Proceedings	20
Item 1A –	Risk Factors	20
Item 2 –	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3 –	Defaults upon Senior Securities	26
Item 4 –	Mine Safety Disclosures	26
Item 5 –	Other Information	26
Item 6 –	Exhibits	27
Signatures		28
Exhibits		

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q includes forward-looking statements. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words "believe," "expect," "will," "anticipate," "intend," "estimate," "project," "plan," "assume" or other similar expressions, or negatives of those expressions, although not all forward-looking statements contain these identifying words. All statements contained or incorporated by reference in this quarterly report regarding our future strategy, future operations, projected financial position, estimated future revenues, projected costs, future prospects, the future of our industry and results that might be obtained by pursuing management's current plans and objectives are forward-looking statements.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and speak only as of the date on the cover of this quarterly report, or, in the case of forward-looking statements in documents incorporated by reference, as of the date of the filing of the document that includes the statement. New risks and uncertainties arise from time to time, and it is impossible for us to predict these matters or how they may affect us. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our security holders. We do not undertake and specifically decline any obligation to update any forward-looking statements or to publicly announce the results of any revisions to any statements to reflect new information or future events or developments.

We have identified some of the important factors that could cause future events to differ from our current expectations and they are described in this quarterly report under the caption "Risk Factors," below, and elsewhere in this quarterly report which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this quarterly report.

Sugarmade, Inc. and Subsidiary  
Condensed Consolidated Balance Sheets

	September 30, 2012 (Unaudited)	June 30, 2012
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 188,697	\$ 192,100
Accounts receivable, net	2,145	18,700
Inventory, net	84,638	88,798
Other current assets	52,076	45,125
<b>Total current assets</b>	<b>327,556</b>	<b>344,723</b>
Equipment, net	4,767	5,257
Other assets	3,994	3,994
	<b>\$ 336,317</b>	<b>\$ 353,974</b>
<b>Liabilities and Stockholders' Deficiency</b>		
<b>Current liabilities:</b>		
Note payable due to bank	\$ 150,000	\$ 150,000
Accounts payable and accrued liabilities	279,831	221,020
Notes payable due to shareholder	36,384	-
Accrued compensation and personnel related payables	165,580	43,722
<b>Total current liabilities</b>	<b>631,795</b>	<b>414,742</b>
Convertible notes payable, net of discount	183,586	-
Convertible notes payable to related parties, net of discount	22,211	-
<b>Total liabilities</b>	<b>837,592</b>	<b>414,742</b>
<b>Stockholders' deficiency:</b>		
Preferred stock (\$0.001 par value, 10,000,000 shares authorized, none issued and outstanding)	-	-
Common stock (\$0.001 par value, 300,000,000 shares authorized, 10,538,526 shares issued and outstanding; 10,288,526 at June 30, 2012)	10,539	10,289
Additional paid-in capital	8,257,142	8,069,581
Accumulated deficit	(8,768,956 )	(8,140,638 )
<b>Total stockholders' deficiency</b>	<b>(501,275 )</b>	<b>(60,768 )</b>
	<b>\$ 336,317</b>	<b>\$ 353,974</b>

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



Sugarmade, Inc. and Subsidiary  
 Condensed Consolidated Statements of Operations (Unaudited)  
 For the three months ended September 30, 2012 and 2011

	2012	2011
Revenues, net	\$48,207	\$26,546
Cost of goods sold:		
Materials and freight costs	47,671	-
Total cost of goods sold	47,671	-
Gross Margin	536	26,546
Operating expenses:		
Selling, general and administrative expenses	621,117	813,463
Amortization of license and supply agreement	-	4,600