

Orbital Tracking Corp.  
Form 10-Q  
August 13, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

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

Commission File Number 000-25097

ORBITAL TRACKING CORP.

(Exact name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or  
organization)

65-0783722  
(I.R.S. Employer Identification No.)

18851 NE 29th Avenue, Suite 700  
Aventura, FL 33180

Telephone: (305)-560-5355

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

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 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 (§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 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

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

(Do not check if a 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 ☒

The number of shares of the Registrant’s Common Stock outstanding as of August 13, 2015 was 11,489,259.

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## Part I Financial Information

## Item 1. Financial Statements

The Company's unaudited financial statements for the six months ended June 30, 2015 and for comparable periods in the prior year are included below. The financial statements should be read in conjunction with the notes to financial statements that follow.

**ORBITAL TRACKING CORP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS AS OF**

	June 30, 2015 (unaudited)	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash	\$ 406,199	\$ 65,892
Accounts receivable, net	162,372	82,986
Inventory	296,959	183,780
Unbilled revenue	52,529	25,612
Prepaid expenses - current portion	222,222	-
Other current assets	163,675	25,764
Total current assets	1,303,956	384,034
Property and equipment, net	90,364	58,413
Intangible Assets, net	287,500	-
Prepaid expenses - long term portion	1,876,344	-
Total assets	\$ 3,558,164	\$ 442,447
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 797,012	\$ 299,877
Deferred revenue	2,016	28,891
Related party payable	121,770	59,308
Derivative liabilities	4,773	-
Liabilities from discontinued operations	112,397	-
Total current liabilities	1,037,968	388,076
Total Liabilities	1,037,968	388,076
Stockholders' Equity:		
Preferred Stock, \$0.0001 par value; 20,000,000 shares authorized		
Series A (\$0.0001 par value; 20,000 shares authorized, 20,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	2	-
Series B (\$0.0001 par value; 30,000 shares authorized, 6,666 and none shares issued and outstanding as of	1	-

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June 30, 2015 and December 31, 2014, respectively)

Series C (\$0.0001 par value; 4,000,000 shares authorized, 3,337,442 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	334	-
Series D (\$0.0001 par value; 5,000,000 shares authorized, 5,000,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	500	-
Series E (\$0.0001 par value; 8,746,000 shares authorized, 8,746,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	875	875
Common Shares, \$0.0001 par value; 200,000,000 shares authorized, 11,198,172 and 2,540,000 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	1,120	254
Additional paid-in capital	3,114,447	1,363
Accumulated (deficit) earning	(601,874)	52,728
Accumulated other comprehensive income (loss)	4,791	(849)
Total stockholder equity	2,520,196	54,371
Total liabilities and stockholders' equity	\$ 3,558,164	\$ 442,447

See the accompanying notes to the unaudited condensed consolidated financial statements.

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ORBITAL TRACKING CORP AND SUBSIDIARIES  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 AND COMPREHENSIVE (LOSS) INCOME  
 FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net sales	\$1,188,867	\$613,072	\$1,972,677	\$1,279,993
Cost of sales	864,787	475,252	1,432,409	937,574
Gross profit	324,080	137,820	540,268	342,419
Operating expenses:				
Selling, general and administrative	245,463	89,769	457,494	194,261
Salaries, wages and payroll taxes	123,454	81,717	290,717	111,153
Professional fees	63,591	1,375	258,002	2,050
Depreciation and amortization	103,970	5,261	174,430	10,433
Total operating expenses	536,478	178,122	1,180,643	317,897
Loss before other expenses and income taxes	(212,398 )	(40,302 )	(640,374 )	24,522
Other (income) expense				
Change in fair value of derivative instruments, net	71	-	(162 )	-
Interest expense	2,321	-	2,321	-
Foreign currency exchange rate variance	83	(54 )	12,068	(1,139 )
Total other (income) expense	2,475	(54 )	14,227	(1,139 )
Net (loss) income	\$(214,872 )	\$(40,248 )	\$(654,601 )	\$25,661
Comprehensive (loss) income:				
Net (loss) income	\$(214,872 )	\$(40,248 )	\$(654,601 )	\$25,661
Foreign currency translation adjustments	6,064	1,834	5,640	7,354
Comprehensive (loss) income	\$(208,808 )	\$(38,414 )	\$(648,961 )	\$33,015
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Weighted average number of common shares outstanding - basic	11,068,172	2,540,000	8,742,059	2,540,000
Weighted average number of common shares outstanding - diluted	11,068,172	2,540,000	8,742,059	90,000,000
Basic net income (loss) per share	\$(0.02 )	\$(0.02 )	\$(0.07 )	\$0.00

Diluted net income (loss) per share	\$(0.02	) \$(0.02	) \$(0.07	) \$0.00
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See the accompanying notes to the unaudited condensed consolidated financial statements.

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ORBITAL TRACKING CORP AND SUBSIDIARIES  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED

	June 30, 2015	June 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (654,601)	\$ 25,661
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Change in fair value of derivative liabilities	(163)	-
Depreciation expense	29,515	10,433
Amortization of intangible asset	12,500	-
Amortization of license fee	111,111	-
Stock based compensation	150,000	-
Amortization of prepaid expense in connection with the issuance of common stock issued for prepaid services	21,304	-
Imputed interest	2,321	-
Change in operating assets and liabilities:		
Accounts receivable	(44,801)	(54,195)
Inventory		