

DIGICORP  
Form 10QSB  
November 19, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 **September 30, 2007**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER **000-33067**

**DIGICORP, INC.**

(Exact name of small business issuer in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation or  
organization)

**87-0398271**

(I.R.S. Employer Identification No.)

**4143 Glencoe Avenue, Unit B, Marina Del Rey, CA 90292**

(Address of principal executive offices)

Issuer's telephone Number: **(310) 728-1450**

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

**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of September 30, 2007, the issuer had 39,545,104 outstanding shares of Common Stock, \$.001 par value.

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

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****DIGICORP, INC.****Consolidated Balance Sheets (Unaudited)**

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 14,057	\$ 3,350
Accounts receivable, net	178,049	58,539
Inventories	46,055	50,705
Other current assets	30,888	29,159
<b>TOTAL CURRENT ASSETS</b>	<b>269,049</b>	<b>141,753</b>
Property and equipment, net	192,300	253,855
Intangible assets, net	431,146	527,780
<b>TOTAL ASSETS</b>	<b>\$ 892,495</b>	<b>\$ 923,388</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 362,000	\$ 360,481
Accrued liabilities	498,843	295,400
Revolving credit line - related party	—	50,000
Note payable - related party	952,000	473,000
Deferred revenue	69,672	69,672
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,882,515</b>	<b>1,248,553</b>
<b>LONG TERM LIABILITIES</b>		
Convertible note payable - related party	556,307	556,307
Debt discount - beneficial conversion feature	(125,902)	(154,955)
<b>TOTAL LONG TERM LIABILITIES</b>	<b>430,405</b>	<b>401,352</b>
<b>TOTAL LIABILITIES</b>	<b>2,312,920</b>	<b>1,649,905</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		

**STOCKHOLDERS' EQUITY (DEFICIT)**

Preferred stock, \$0.001 par value: 1,000,000 shares authorized;  
zero shares issued and outstanding at September 30, 2007 and  
December 31, 2006

Common stock, \$0.001 par value: 60,000,000 shares authorized;  
39,545,104 shares issued and outstanding at September 30, 2007;  
37,239,002 shares issued and outstanding at December 31, 2006

	—	—
Paid-in capital	5,995,348	4,714,900
Accumulated deficit	(7,455,318)	(5,478,656)

<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>(1, 420,425)</b>	<b>(726,517)</b>
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<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 892,495</b>	<b>\$ 923,388</b>
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The accompanying notes are an integral part of these consolidated interim financial statements.

**DIGICORP, INC.****Consolidated Statements of Operations (Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Sept 30,</b>	<b>Sept 30,</b>	<b>Sept 30,</b>	<b>Sept 30,</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>REVENUE</b>				
Sales	\$ 143,919	\$ 88,043	\$ 346,534	\$ 755,791
Licensing Revenue	—	7,779	—	7,779
<b>Total revenue</b>	<b>143,919</b>	<b>95,822</b>	<b>346,534</b>	<b>763,570</b>
<b>OPERATING EXPENSES</b>				
Cost of sales	32,298			