

SECTOR 10 INC
Form 10-Q
August 16, 2010

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30, 2010
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

SECTOR 10, Inc.

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

| | | |
|--|-----------------------|-----------------------------------|
| Delaware | 000-24370 | 33-0565710 |
| (State or other jurisdiction of incorporation) | (Commission File No.) | (IRS Employer Identification No.) |

14553 South 790 West
Bluffdale, Utah 84065

(Address of principal executive offices, including zip code)

Issuer's telephone number, including area code (206) 853-4866

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 Act).
Yes No

As of August 16, 2010 the issuer had 49,243,268 shares of common stock outstanding.

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

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Item 1. FINANCIAL STATEMENTS

Sector 10, Inc.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

| | June 30, 2010 (Unaudited) | March 31, 2010 (Audited) |
|---------------------------------------|---------------------------------|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 4,531 | \$ 70 |
| Inventory, net | 18,409 | 18,409 |
| Prepaid assets | 3,271 | 6,770 |
| Total current assets | 26,211 | 25,249 |
| Fixed assets: | | |
| Furniture | 9,182 | 9,182 |
| Computers | 13,068 | 13,068 |
| Vehicles | 19,296 | - |
| Total fixed asset cost | 41,546 | 22,250 |
| Less: accumulated depreciation | (12,165) | (10,160) |
| Net fixed assets | 29,381 | 12,090 |
| Other assets: | | |
| Network acquisition/development costs | 931,181 | 931,181 |
| Total other assets | 931,181 | 931,181 |
| Total assets | \$ 986,773 | \$ 968,520 |

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

| | | |
|--|--------------|--------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,371,352 | \$ 1,143,308 |
| Note payable - short term | 240,255 | 252,500 |
| Note payable - officer/shareholder | 20,431 | 20,526 |
| Total current liabilities | 1,632,038 | 1,416,334 |
| Long term liabilities: | | |
| Note payable | 483,000 | 483,000 |
| Total long term liabilities | 483,000 | 483,000 |
| Total liabilities | 2,115,038 | 1,899,334 |
| Shareholders' equity (deficit) | | |
| Preferred shares - \$0.001 par value; 1,000,000 authorized, no shares issued or outstanding | - | - |
| Common shares - \$0.001 par value; 199,000,000 authorized; 43,993,268 and 42,693,268 shares issued and outstanding, respectively | 43,993 | 42,693 |
| Additional paid-in-capital | 4,425,632 | 4,274,432 |

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| | | |
|--|-------------|-------------|
| Deficit accumulated during development stage | (5,597,890) | (5,247,939) |
| Total shareholders' equity (deficit) | (1,128,265) | (930,814) |
| Total liabilities and shareholders' equity (deficit) | \$986,773 | 968,520 |

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

Sector 10, Inc.
 (A DEVELOPMENT STAGE COMPANY)
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Three Months Ended June 30, 2010 and 2009 and for the Period From Inception,
 September 16, 2002 to June 30, 2010

| | Three Months Ended | | Inception to |
|----------------------------|--------------------|----------|---------------|
| | June | June | June 30, 2010 |
| | 30, 2010 | 30, 2009 | |
| Sales | \$- | \$ - | \$ 18,500 |
| Cost of Sales | - | - | (18,032) |
| Gross Profit | - | - | 468 |
| Expenses: | | | |
| General and administrative | 287,424 | 301,224 | 5,521,889 |
| Depreciation | 2,005 | 1,113 | 12,165 |
| Research and development | - | 110,000 | 226,108 |
| Total expenses | 289,429 | 412,337 | |