

Digerati Technologies, Inc.
Form 10-Q
June 13, 2011

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 2011

OR

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

For the transition period from _____ to _____

Commission File Number 001-15687

DIGERATI TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

74-2849995
(I.R.S. Employer
Identification No.)

3201 Cherry Ridge
Building C, Suite 300
San Antonio, Texas
(Address of Principal Executive Offices)

78230
(Zip Code)

(210) 614-7240
(Registrant's Telephone Number, Including Area Code)

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer
Non-accelerated filer

Accelerated filer
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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Number of Shares	Class Common Stock	As of
65,882,410	\$.001 par value	June 13, 2011

DIGERATI TECHNOLOGIES, INC.
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE QUARTER ENDED APRIL 30, 2011

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; In thousands, except per share amounts)

	April 30, 2011	July 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 18	\$ 73
Accounts receivable, net of allowance for bad debt of \$0 and \$10, respectively	802	526
Prepaid and other current assets	34	48
Total current assets	854	647
LONG-TERM ASSETS:		
Deferred financing fees	46	-
Intangible assets, net of accumulated amortization of \$43 and \$31, respectively	107	119
Property and equipment	875	856
Less - accumulated depreciation	(792)	(727)
Net property and equipment	83	129
Total assets	\$ 1,090	\$ 895
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 760	\$ 637
Accrued liabilities	148	106
Current portion of long term debt, net of unamortized discount of \$0	390	409
Derivative liability	10	85
Total current liabilities	1,308	1,237
LONG-TERM LIABILITIES:		
Long term debt, net of current portion	977	639
Customer deposits	120	16
Total long-term liabilities	1,097	655
Total liabilities	2,405	1,892
STOCKHOLDERS' DEFICIT:		
Preferred stock, 16,063,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.001 par value, 150,000,000 shares authorized, 65,882,410 and 45,504,120 shares issued and	66	46

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outstanding, respectively		
Additional paid in capital	74,211	73,276
Accumulated deficit	(75,455)	(74,182)
Other comprehensive income	1	1
Total Digerati Technologies, Inc. stockholders' deficit	(1,177)	(859)
Noncontrolling interest	(138)	(138)
Total stockholders' deficit	(1,315)	(997)
Total liabilities and stockholders' deficit	\$ 1,090	\$ 895

See accompanying notes to the unaudited financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited; In thousands, except per share amounts)

	Three months ended April		Nine months ended April	
	30,	30,	30,	30,
	2011	2010	2011	2010
OPERATING REVENUES:				
VoIP services	\$ 3,423	\$ 6,550	\$ 11,470	\$ 16,413
Hosted services	74	24	192	43