

Cobalis Corp
Form 10QSB
August 18, 2006

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 June 30, 2006

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

For the transition period from _____ to _____

000-49620

(Commission file number)

COBALIS CORP.

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

Nevada

(State or other jurisdiction
of incorporation or organization)

91-1868007

(IRS Employer
Identification No.)

2445 McCabe Way, Suite 150, Irvine, California 92614

(Address of principal executive offices)

(949) 757-0001

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of July 31, 2006 - 28,523,625 shares of common stock

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

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

COBALIS CORP.
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PART I. FINANCIAL INFORMATION**Item 1.****Financial Statements**

**Cobalis Corp. and Subsidiary
(formerly Biogentech Corp.)
(A Development Stage Company)
Consolidated Balance Sheet**

		June 30, 2006
		(unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$	50,037
TOTAL CURRENT ASSETS		50,037
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$110,022		5,301
WEBSITE DEVELOPMENT COSTS, net of accumulated amortization of \$33,192		1,415
PATENTS, net of accumulated amortization of \$292,183		613,132
DEPOSIT		12,546
TOTAL ASSETS	\$	682,431
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$	301,989
Accrued expenses		520,169
Accrued legal settlements		1,725,000
Due to related parties		5,460,669
Promissory notes		46,813
Convertible notes payable		700,000
TOTAL CURRENT LIABILITIES		8,754,640
SENIOR DEBENTURE, net of discount of \$86,917		163,083
TOTAL LIABILITIES		8,917,723
CONVERTIBLE PREFERRED STOCK		885,000
COMMITMENTS AND CONTINGENCIES		-
STOCKHOLDERS' DEFICIT		

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Common stock; \$0.001 par value; 50,000,000 shares authorized; 27,963,000 shares issued and outstanding	27,963
Additional paid-in capital	17,493,362
Prepaid expenses	(230,485)
Deficit accumulated during the development stage	(26,411,132)
TOTAL STOCKHOLDERS' DEFICIT	(9,120,292)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 682,431

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

Cobalis Corp. and Subsidiary
(formerly Biogentech Corp.)
(A Development Stage Company)
Consolidated Statements of Operations

	Three Months Ended		Cumulative from November 21, 2000 (inception) to June 30, 2006
	June 30, 2006 (unaudited)	June 30, 2005 (unaudited)	(unaudited)
NET SALES	\$ -	\$ -	\$ 5,589
COST OF SALES	-	-	31,342
GROSS PROFIT (LOSS)	-	-	(25,753)
OPERATING EXPENSES:			
Professional fees	916,905	511,178	10,092,432
Salary and wages	185,302	82,567	3,222,600
Rent expense	63,076	34,436	632,135
Marketing and research	25,809	26,273	1,945,244
Depreciation and amortization	16,762	24,882	544,026
Impairment expense	-	-	2,331,522
Stock option expense	128,908		128,908
Other operating expenses	133,795	105,877	1,760,725
Legal settlements	-	-	812,718
TOTAL OPERATING EXPENSES	1,470,557	785,213	21,470,310
LOSS FROM OPERATIONS	(1,470,557)	(785,213)	(21,496,063)
OTHER INCOME (EXPENSE)			
Interest expense and financing costs	(131,795)	(182,732)	(4,333,769)
Change in fair value of warrant liability	-	25,565	303,700
TOTAL OTHER INCOME (EXPENSE)	(131,795)	(157,167)	(4,030,069)
LOSS BEFORE PROVISION FOR INCOME TAXES	(1,602,352)	(942,380)	(25,526,132)
PROVISION FOR INCOME TAXES	-	-	-
NET LOSS	(1,602,352)	(942,380)	(25,526,132)
PREFERRED STOCK DIVIDENDS		18,750	1,072,500
	\$ (1,602,352)	\$ (961,130)	\$ (26,598,632)

NET LOSS ATTRIBUTED TO COMMON
STOCKHOLDERS

NET LOSS PER SHARE:

BASIC AND DILUTED	\$	(0.06)	\$	(0.04)	\$	(1.28)
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WEIGHTED AVERAGE SHARES

OUTSTANDING:

BASIC AND DILUTED	27,755,567	24,836,808	20,720,945
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The accompanying notes are an integral part of these consolidated financial statements.

Cobalis Corp. and Subsidiary
(formerly Biogentech Corp.)
(A Development Stage Company)
Consolidated Statements of Stockholders' Deficit
For the Period From November 21, 2000 (inception) to June 30, 2006

	Common stock Shares	Common stock Amount	Additional paid-in capital	Prepaid Expenses	Deficit accumulated during the development stage	Total stockholders' equity (deficit)
Balance at inception (November 21, 2000)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of founder's shares in exchange for property and equipment	16,300,000	16,300	-	-	-	16,300
Issuance of common stock for cash - November 2000 @ \$1.00	30,000	30	29,970	-	-	30,000
Issuance of common stock for cash - December 2000 @ \$1.00	15,000	15	14,985	-	-	15,000
Issuance of common stock for cash - February 2001 @ \$1.00	12,000	12	11,988	-	-	12,000
Issuance of common stock for cash - March 2001 @ \$1.00	125,000	125	124,875	-	-	125,000
Issuance of common stock for services - March 2001 @ \$1.00	10,000	10	9,990	-	-	10,000
Contributed capital	-	-	62,681	-	-	62,681
Net loss for the period from inception (November 21, 2000) to March 31, 2001	-	-	-	-	(223,416)	(223,416)
Balance at March 31, 2001, as restated	16,492,000	16,492	254,489	-	(223,416)	47,565
Issuance of common stock for cash - April 2001 @ \$1.00	10,000	10	9,990	-	-	10,000
Issuance of common stock for telephone equipment - April 2001 @ \$1.00	6,750	7	6,743	-	-	6,750
Issuance of common stock for cash - May 2001 @ \$1.00	11,000	11	10,989	-	-	11,000

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Issuance of common stock for website development - May 2001 @ \$1.00	17,000	17	16,983	-	-	17,000
Issuance of common stock for legal services - May 2001 @ \$1.00	1,000	1	999	-	-	1,000
Issuance of common stock for cash - June 2001 @ \$1.00	23,500	24	23,476	-	-	23,500
Issuance of common stock for cash - July 2001 @ \$1.00	20,000	20	19,980	-	-	20,000
Issuance of common stock for cash - August 2001 @ \$1.00	25,000	25	24,975	-	-	25,000
Issuance of common stock for services, related party - September 2001 @ \$1.00	65,858	66	65,792	-	-	65,858
Issuance of common stock for cash - September 2001 @ \$1.00	15,000	15	14,985	-	-	15,000
Issuance of common stock for services - September 2001 @ \$1.00	11,000	11	10,989	-	-	11,000
Issuance of stock options for services - September 2001	-	-	32,000	-	-	32,000
Issuance of common stock for cash - October 2001 @ \$1.00	5,000	5	4,995	-	-	5,000
Issuance of common stock for cash - December 2001 @ \$1.00	30,000	30	29,970	-	-	30,000
Issuance of common stock for services - December 31, 2001 @ \$1.00	33,000	33	32,967	-	-	33,000
Issuance of common stock for services, related party - December 2001 @ \$1.00	117,500	118	117,382	-	-	117,500
Issuance of common stock for prepaid advertising - December 2001 @ \$1.00	15,600	15	15,585	-	-	15,600
Issuance of common stock for property and equipment - January 2002 @ \$3.00	1,000	1	2,999	-	-	3,000
Issuance of common stock for services, related party - January 2002 @ \$1.00	33,000	33	32,967	-	-	33,000
Issuance of common stock for cash - February 2002 @ \$2.00	20,000	20	39,980	-	-	40,000
Issuance of common stock for cash - March 2002 @ \$2.00	12,500	12	24,988	-	-	25,000

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Contributed capital	-	-	211,269	-	-	211,269
Deferred compensation	-	-	-	(60,108)	-	(60,108)
Net loss	-	-	-	-	(1,144,249)	(1,144,249)
Balance at March 31, 2002, as restated	16,965,708	16,966	1,005,492	(60,108)	(1,367,665)	(405,315)

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Cobalis Corp. and Subsidiary
(formerly Biogentech Corp.)
(A Development Stage Company)
Consolidated Statements of Stockholders' Deficit
For the Period From November 21, 2000 (inception) to June 30, 2006

Issuance of common stock for services - April 2002 @ \$2.00	3,000	3	5,997	-	-	6,000
Issuance of common stock for cash - April 2002 @ \$1.00	10,000	10	9,990	-	-	10,000
Issuance of common stock for cash - April 2002 @ \$2.00	17,500	17	34,983	-	-	35,000
Issuance of common stock for cash - May 2002 @ \$1.00	10,000	10	9,990	-	-	10,000
Issuance of common stock for cash - May 2002 @ \$2.00	16,000	16	31,984	-	-	32,000
Issuance of stock options for services - May 2002	-	-	350,000	-	-	350,000
Contributed capital - bonus expense	-	-	50,000	-	-	50,000
Issuance of common stock for cash - June 2002 @ \$1.00	5,000	5	4,995	-	-	5,000
Issuance of common stock for cash - June 2002 @ \$2.00	5,000	5	9,995	-	-	10,000
Issuance of common stock for cash - July 2002 @ \$1.00	5,000	5	4,995	-	-	5,000
Issuance of common stock for cash - August 2002 @ \$2.00	10,000	10	19,990	-	-	20,000
Issuance of common stock for cash - September 2002 @ \$2.00	10,000	10	19,990	-	-	20,000
Issuance of stock options below fair market value - November 2002	-	-	250,000 (250,000)	-	-	-
Issuance of common stock for conversion of note - December 2002 @ 2.00	50,000	50	99,950	-	-	100,000
Issuance of common stock for cash - December 2002 @ \$2.00	20,000	20	39,980	-	-	40,000
Issuance of common stock for services - December 2002 @ \$2.00	15,000	15	29,985	-	-	30,000
Issuance of common stock for patents - December 2002 @ \$2.00	2,000,000	2,000	1,285,917	-	-	1,287,917

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Contributed capital			292,718	-	-	292,718
Issuance of common stock for exercise of options - December 2002	574,000	574	574,028	-	-	574,602
Deferred compensation			60,108			60,108
Contributed capital			5,000	-	-	5,000
Issuance of common stock for services - January 2003			25,000	-	-	25,000
Issuance of common stock for cash February 2003 @ \$2.00	11,500	12	22,988	-	-	23,000
Issuance of common stock for cash March 2003 @ \$2.00	5,000	5	9,995	-	-	10,000
Deferred compensation			54,000		-	54,000
Net loss				-	(2,148,008)	(2,148,008)

Balance at March 31, 2003, as restated	19,732,708	19,733	4,193,962	(196,000)	(3,515,673)	502,022
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Issuance of common stock for cash April 2003 @ \$2.00	70,000	70	139,930	-	-	140,000
Issuance of common stock for cash May 2003 @ \$2.00	30,000	30	59,970	-	-	60,000
Acquisition by Biogentech Corp of ("Togs for Tykes")	1,032,000	1,032	(101,032)	-	-	(100,000)
Issuance of common stock for penalties January 2004 @ \$2.80	135,000	135	377,865	-	-	378,000
Issuance of common stock for services February 2004 @ \$2.20	100,000	100	219,900	-	-	220,000
Issuance of common stock for services February 2004 @ \$1.85	20,000	20	36,980	-	-	37,000
Value of beneficial conversion feature of convertible						
debenture issued in September 2003			346,870	-	-	346,870
Fair value allocated to warrant liability for detachable						
warrants issued with preferred stock			(181,849)	-	-	(181,849)
Dividend on preferred stock			885,000	-	(885,000)	-
Deferred compensation				196,000	-	196,000
Net loss				-	(5,703,639)	(5,703,639)

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Balance at March 31, 2004	21,119,708	21,120	5,977,596	-	(10,104,312)	(4,105,596)
Issuance of common stock for penalties May 2004 @ \$1.85	170,000	170	314,330	-	-	314,500
Issuance of common stock for services June 2004 @ \$1.75	10,000	10	17,490	-	-	17,500
Issuance of common stock for conversion of debt June 2004 @ \$1.60	371,317	371	593,736	-	-	594,107
Issuance of common stock for services July 2004 @ \$1.35	7,489	8	10,101			10,109
Issuance of common stock for services July 2004 @ \$1.10	75,000	75	82,425			82,500
Issuance of common stock for services August 2004 @ \$0.75	100,000	100	74,900			75,000
Conversion of debt to common stock September 2004 @ 2.22	857,143	857	1,902,000			1,902,857

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Consolidated Statements of Stockholders' Deficit
For the Period From November 21, 2000 (inception) to June 30, 2006

Issuance of common stock for services October 2004 @ \$2.20	4,758	5	10,463	10,468
Issuance of common stock for services October 2004 @ \$2.55	375,000	375	955,875	956,250
Issuance of common stock for services December 2004 @ \$1.45	5,000	5	7,245	7,250
Issuance of common stock for services December 2004 @ \$1.30	63,676	63	82,715	82,778
Issuance of common stock for services January 2005 @ \$1.05	1,250	1	1,312	1,313
Issuance of common stock for services January 2005 @ \$1.18	75,000	75	88,425	88,500