

ARC WIRELESS SOLUTIONS INC  
Form 10-Q  
May 17, 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 March 31, 2010

OR

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

For the transition period from \_\_\_\_\_

000-18122  
(Commission File Number)

ARC Wireless Solutions, Inc.  
(Exact name of registrant as specified in its charter)

Utah  
( State or other jurisdiction of  
incorporation)

87-0454148  
(IRS Employer Identification  
Number)

10601 West 48th Avenue  
Wheat Ridge, Colorado, 80033-2660  
(Address of principal executive offices including zip code)

(303) 421-4063  
(Registrant's telephone number, including area code)

Not Applicable  
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Edgar Filing: ARC WIRELESS SOLUTIONS INC - Form 10-Q

(§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 “small reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-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

As of May 1, 2010, the Registrant had 3,091,000 shares outstanding of its \$.0005 par value common stock.

---

ARC Wireless Solutions, Inc.

Quarterly Report on FORM 10-Q For The Period Ended

March 31, 2010

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of March 31, 2010 (unaudited) and December 31, 2009 3

Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2010 and 4  
2009 (unaudited)

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and 5  
2009 (unaudited)

Notes to Condensed Consolidated Financial Statements 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 12

Item 4. Controls and Procedures 14

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 15

Item 4. Submission of Matters to a Vote of Security Holders 15

Item 6. Exhibits 16

SIGNATURES 17

## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

ARC Wireless Solutions, Inc.  
Condensed Consolidated Balance Sheets  
(in thousands, except share and per share amounts)

	March 31, 2010 (unaudited)	December 31, 2009 *
<b>Assets</b>		
<b>Current assets:</b>		
Cash and equivalents	\$ 11,406	\$ 11,785
Accounts receivable – trade, net	527	476
Inventory, net	948	1,019
Other current assets	49	36
<b>Total current assets</b>	<b>12,930</b>	<b>13,316</b>
<b>Property and equipment, net</b>	<b>366</b>	<b>358</b>
<b>Other assets:</b>		
Intangible assets, net	121	122
Deposits	126	52
<b>Total assets</b>	<b>\$ 13,543</b>	<b>\$ 13,848</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 505	\$ 504
Accrued expenses	479	518
Current portion of capital lease obligations	112	110
<b>Total current liabilities</b>	<b>1,096</b>	<b>1,132</b>
Capital lease obligations, less current portion	1	13
<b>Total liabilities</b>	<b>1,097</b>	<b>1,145</b>
<b>Stockholders' equity:</b>		
Preferred stock, \$.001 par value, 2,000,000 authorized, none issued and outstanding	-	-
Common stock, \$.0005 par value, 250,000,000 authorized, 3,091,000 outstanding in 2010 and 2009, respectively.	2	2
Additional paid-in capital	20,775	20,767
Accumulated deficit	(8,331)	(8,066)
<b>Total stockholders' equity</b>	<b>12,446</b>	<b>12,703</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,543</b>	<b>\$ 13,848</b>

\* These numbers were derived from the audited financial statements for the year ended December 31, 2009.

See accompanying notes.



ARC Wireless Solutions, Inc.  
Condensed Consolidated Statements of Operations  
(Unaudited, in thousands except share and per share amounts)

	Three Months Ended March 31,	
	2010	2009
Sales, net	\$1,142	\$1,087
Cost of sales	845	650
Gross profit	297	437
<b>Operating expenses:</b>		
Selling, general and administrative expenses	572	741
Operating loss	(275)	(304)
<b>Other income:</b>		
Interest expense	(1)	(3)
Other income	11	33
Total other income	10	30
Loss from continuing operations	(265)	(274)
Loss from discontinued operations	-	(12)
Net loss	\$(265)	\$(286)
Net loss per share – continuing operations – Basic and Diluted	\$(0.09)	\$(0.08)
Net loss per share – discontinued operations – Basic and Diluted	\$-	\$(0.01)
Net loss per share – Basic and Diluted	\$(0.09)	\$(0.09)
Weighted average shares – Basic and Diluted	3,091,000	3,091,000

See accompanying notes.

ARC Wireless Solutions, Inc.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited, in thousands)

Three Months Ended March 31,

2010

2009

Operating activities