

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended September 30, 2008

or

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Number:

0-13215

WARP 9, INC.

(Exact name of registrant as specified in its charter)

CALIFORNIA

(State or other jurisdiction of incorporation or organization)

30-0050402

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

50 Castilian Drive, Suite 101, Santa Barbara, CA 93117

(Address of principal executive offices) (Zip Code)

(805) 964-3313

Registrant's telephone number, including area code

(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 proceeding 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 practicable date.

As of November 7, 2008 the number of shares outstanding of the registrant's class of common stock was 340,579,815.

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PART I. - FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2008	June 30, 2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 649,195	\$ 680,649
Accounts Receivable, net	340,440	290,920
Prepaid and Other Current Assets	16,186	16,679
Current Portion of Deferred Tax Asset	24,734	38,849
TOTAL CURRENT ASSETS	<u>1,030,555</u>	<u>1,027,097</u>
PROPERTY & EQUIPMENT, at cost		
Furniture, Fixtures & Equipment	89,485	89,485
Computer Equipment	506,906	505,603
Commerce Server	50,000	50,000
Computer Software	9,476	9,476
	<u>655,867</u>	<u>654,564</u>
Less accumulated depreciation	(572,417)	(555,947)
NET PROPERTY AND EQUIPMENT	<u>83,450</u>	<u>98,617</u>
OTHER ASSETS		
Lease Deposit	9,749	9,749
Restricted Cash	93,000	93,000
Internet Domain, net	1,020	1,062
Long Term Deferred Tax Asset	2,003,837	2,029,859
TOTAL OTHER ASSETS	<u>2,107,606</u>	<u>2,133,670</u>
TOTAL ASSETS	<u>\$ 3,221,611</u>	<u>\$ 3,259,384</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 88,851	\$ 64,799
Credit Cards Payable	2,173	15,352
Accrued Expenses	80,806	88,514
Bank Line of Credit	8,451	7,916
Deferred Income	33,000	35,333
Note Payable, Other	39,889	40,107
Note Payable, Related Party	12,981	50,481
Customer Deposit	51,436	51,436
Corporate Income Tax Payable	4,450	-
Capitalized Leases, Current Portion	18,020	23,183
TOTAL CURRENT LIABILITIES	<u>340,057</u>	<u>377,121</u>
LONG TERM LIABILITIES		
Note payable, Other	64,408	74,216
Capitalized Leases	4,431	7,912
TOTAL LONG TERM LIABILITIES	<u>68,839</u>	<u>82,128</u>
TOTAL LIABILITIES	<u>408,896</u>	<u>459,249</u>
SHAREHOLDERS' EQUITY		
Common Stock, \$0.001 Par Value; 495,000,000 Authorized Shares; 340,579,815 Shares Issued and Outstanding	340,579	340,579
Additional Paid In Capital	6,889,432	6,886,682
Accumulated Deficit	(4,417,296)	(4,427,126)
TOTAL SHAREHOLDERS' EQUITY	<u>2,812,715</u>	<u>2,800,135</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 3,221,611</u>	<u>\$ 3,259,384</u>

The accompanying notes are an integral part of these financial statements

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,	
	2008	2007
REVENUE	\$ 467,865	\$ 604,494
COST OF SERVICES	37,736	39,225
GROSS PROFIT	430,129	565,269
OPERATING EXPENSES		
Selling, general and administrative expenses	346,732	409,053
Research and development	16,615	1,740
Depreciation and amortization	16,513	46,134
TOTAL OPERATING EXPENSES	379,860	456,927
INCOME FROM OPERATIONS BEFORE OTHER INCOME (EXPENSES)	50,269	108,342
OTHER INCOME/(EXPENSE)		
Interest Income	-	7,027
Other Income	13,883	-
Stock option expense	(2,950)	(6,709)
Interest Expense	(5,185)	(81,916)
TOTAL OTHER INCOME (EXPENSE)	5,748	(81,598)
INCOME FROM OPERATIONS BEFORE PROVISION FOR TAXES	56,017	26,744
PROVISION FOR INCOME (TAXES)/BENEFIT		
Income taxes paid	(1,600)	-
Federal tax provision	(34,991)	-
State tax provision	(9,596)	-
PROVISION FOR INCOME (TAX)/BENEFIT	(46,187)	-
NET INCOME	\$ 9,830	\$ 26,744
BASIC AND DILUTED LOSS PER SHARE	\$ 0.00	\$ 0.00
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
BASIC AND DILUTED	340,579,815	235,095,554

The accompanying notes are an integral part of these financial statements

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	<u>Shares</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, June 30, 2008	340,579,815	\$ 340,579	\$ 6,886,682	\$ (4,427,126)	\$ 2,800,135
Stock issuance cost (unaudited)	-	-	(200)	-	(200)
Stock compensation cost (unaudited)	-	-	2,950	-	2,950
Net income for the three months ended September 30, 2008 (unaudited)	-	-	-	9,830	9,830
Balance, September 30, 2008 (unaudited)	<u>340,579,815</u>	<u>\$ 340,579</u>	<u>\$ 6,889,432</u>	<u>\$ (4,417,296)</u>	<u>\$ 2,812,715</u>

The accompanying notes are an integral part of these financial statements

WARP 9, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,830	\$ 26,744
Adjustment to reconcile net income to net cash used in operating activities		
Depreciation and amortization	16,512	20,033
Bad debt expense	(34,777)	-
Conversion feature recorded as interest expense	-	35,941
Amortization of loan costs	-	26,101
Cost of stock compensation recognized	2,950	6,709
Derivative expense	-	21,926
(Increase) Decrease in:		
Accounts receivable	(14,743)	(102,799)
Prepaid and other assets	493	(1,152)
Deferred tax benefit	40,137	-
Increase (Decrease) in:		
Accounts payable	24,053	59,499
Accrued expenses	(7,708)	35,218
Deferred income	(2,333)	32,000
Deferred income taxes payable	4,450	-
Other liabilities	(13,179)	(276)
	<u>25,685</u>	<u>159,944</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,303)	(345)
	<u>(1,303)</u>	<u>(345)</u>
NET CASH PROVIDED/(USED) IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on notes payable	(37,500)	(3,000)
Payments on notes payable, other	(10,027)	(47,526)
Payments on capitalized leases	(8,644)	(7,527)
Proceeds/(payments) from line of credit	535	(15,000)
Stock offerings cost	(200)	(45)
	<u>(55,836)</u>	<u>(73,098)</u>
NET CASH USED BY FINANCING ACTIVITIES		
	<u>(31,454)</u>	<u>86,501</u>
NET INCREASE/(DECREASE) IN CASH		
	<u>680,649</u>	<u>431,841</u>
CASH, BEGINNING OF PERIOD		
	<u>\$ 649,195</u>	<u>\$ 518,342</u>
CASH, END OF PERIOD		
	<u>\$ 5,185</u>	<u>\$ 4,067</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 5,185</u>	<u>\$ 4,067</u>
Taxes paid	<u>\$ 1,600</u>	<u>\$ -</u>

SUPPLEMENTAL SCHEDULE OF NON-CASH TRANSACTIONS

During the three months ended September 30, 2008, the Company recognized stock compensation expense of \$2,950.
During the three months ended September 30, 2007, the Company issued 17,372,810 shares of common stock at a fair value of \$190,000 for the convertible debenture.

The accompanying notes are an integral part of these financial statements

WARP 9, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
SEPTEMBER 30, 2008

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the three month period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending June 30, 2009. For further information refer to the financial statements and footnotes thereto included in the Company's Form 10K for the year ended June 30, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Warp 9, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Stock-Based Compensation

As of June 30, 2006, the Company adopted Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (FAS) No. 123R, that addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for either equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The statement eliminates the ability to account for share-based compensation transactions, as we formerly did, using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees," and generally requires that such transactions be accounted for using a fair-value-based method and recognized as expenses in our statement of income. The adoption of (FAS) No. 123R by the Company had no material impact on the statement of income.

The Company adopted FAS 123R using the modified prospective method which requires the application of the accounting standard as of June 30, 2006. Our financial statements as of and for the three months ended September 30, 2008 reflect the impact of adopting FAS 123R. In accordance with the modified prospective method, the financial statements for prior periods have not been restated to reflect, and do not include, the impact of FAS 123R.

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. Stock-based compensation expense recognized in the consolidated statement of operations during the three months ended September 30, 2008, included compensation expense for the stock-based payment awards granted prior to, but not yet vested, as of September 30, 2008 based on the grant date fair value estimated in accordance with the pro forma provisions of FAS 148, and compensation expense for the stock-based payment awards granted subsequent to September 30, 2008, based on the grant date fair value estimated in accordance with FAS 123R. As stock-based compensation expense recognized in the statement of income for the three months ended September 30, 2008 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures, FAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The stock-based compensation expense recognized in the consolidated statements of operations during the three months ended September 30, 2008 is \$2,950.

WARP 9, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
SEPTEMBER 30, 2008

3. CAPITAL STOCK

At September 30, 2008, the Company's authorized stock consists of 495,000,000 shares of common stock, par value \$0.001 per share. The Company is also authorized to issue 5,000,000 shares of preferred stock with a par value of \$0.001. The rights, preferences and privileges of the holders of the preferred stock will be determined by the Board of Directors prior to issuance of such shares. During the three months ended September 30, 2007, the Company issued 17,372,810 shares of common stock ranging from \$0.0109 per share to \$0.0110 per share for the conversion of the debenture with a value of \$190,000. During the three months ended September 30, 2008 no shares of common stock were issued.

4. INCOME TAXES

The Company files income tax returns in the U.S. Federal jurisdiction, and the state of California. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2004.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, on July 1, 2007. FIN 48 clarifies the accounting for uncertainty in tax positions by prescribing a minimum recognition threshold required for recognition in the financial statements. FIN 48 also provides guidance on de-recognition, measurement classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

This Form 10-Q may contain “forward-looking statements,” as that term is used in federal securities laws, about Warp 9, Inc.’s financial condition, results of operations and business. These statements include, among others:

- statements concerning the potential benefits that Warp 9, Inc. (“W9” or the “Company”) may experience from its business activities and certain transactions it contemplates or has completed; and
- statements of W9’s expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts. These statements may be made expressly in this Form 10-Q. You can find many of these statements by looking for words such as “believes,” “expects,” “anticipates,” “estimates,” “opines,” or similar expressions used in this Form 10-Q. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause W9’s actual results to be materially different from any future results expressed or implied by W9 in those statements. The most important facts that could prevent W9 from achieving its stated goals include, but are not limited to, the following:
 - (a) volatility or decline of the Company's stock price;
 - (b) potential fluctuation in quarterly results;
 - (c) failure of the Company to earn revenues or profits;
 - (d) inadequate capital to continue or expand its business, and inability to raise additional capital or financing to implement its business plans;
 - (e) failure to further commercialize its technology or to make sales;
 - (f) reduction in demand for the Company's products and services;
 - (g) rapid and significant changes in markets;
 - (h) litigation with or legal claims and allegations by outside parties;
 - (i) insufficient revenues to cover operating costs;
 - (j) failure of the re-licensing or other commercialization of the Roaming Messenger technology to produce revenues or profits;

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services, the Company's products and services may become obsolete, government regulation may hinder the Company's business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, the exercise of outstanding warrants and stock options, or other risks inherent in the Company's businesses.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. W9 cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-Q. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that W9 or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-Q, or to reflect the occurrence of unanticipated events.

Current Overview

Warp 9 is a provider of e-commerce software platforms and services for the catalog and retail industry. Our suite of software platforms are designed to help multi-channel retailers maximize the Internet channel by applying our technologies for online catalogs, e-mail marketing campaigns, and interactive visual merchandising. Offered as an outsourced and fully managed Software-as-a-Service ("SaaS") model, our products allow customers to focus on their core business, rather than technical implementations and software and hardware architecture, design, and maintenance. We also offer professional services to our clients which include online catalog design, merchandizing and optimization, order management, e-mail marketing campaign development, integration to third party payment processing and fulfillment systems, analytics, custom reporting and strategic consultation.

Our products and services allow our clients to lower costs and focus on promoting and marketing their brand, product line and website while leveraging the investments we have made in technology and infrastructure to operate a dynamic online Internet presence.

We charge our customers a monthly fee for using our e-commerce software based on a Software-as-a-Service model. These fees include fixed monthly charges, and variable fees based on the sales volume of our clients' e-commerce websites. Unlike traditional software companies that sell software on a perpetual license where quarterly and annual revenues are quite difficult to predict, our SaaS model spreads the collection of contract revenue over several quarters or years and makes our revenues more predictable for a longer period of time.

While the Warp 9 Internet Commerce System ("ICS") is our flagship and highest revenue product, we have been developing and deploying new products based on a proprietary virtual publishing technology that we have developed. These new products have allowed for the creation of interactive web versions of paper catalogs ("VCS") and magazines ("VMS") where users can flip through pages with a mouse and click on products or advertisements. These magazines or catalogs have built-in integration for e-commerce transactions through our ICS product and other transaction based activities. Clients utilizing this technology have discovered when exposing consumers to virtual catalogs, a higher average order size and significant increase in rate of conversion result. We have been selling this solution on a limited basis as a professional service while we refine the product and technology. We believe there are many markets for our virtual catalog and magazine technology and we intend to test market these new products in greater distribution in the near future.

Research and development ("R&D") efforts have been focused both on these new products and on updating our current products with new features. In the planning phase of these new features, we look to direct client feedback and feature requests; we study the e-commerce landscape to determine features that will provide our clients with a competitive advantage in producing greater and more effective selling; and we also examine features that will create a competitive advantage during our sales process to clients. Emerging and declining trends also play a role in how clients perceive what features should be provided by which vendors. We are sometimes able to capitalize on these opportunities by bundling features for greater value and/or increased fees and revenue.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require more significant judgment and estimates used in the preparation of the financial statements

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness, and changes in customer payment terms when making estimates of the uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

We follow the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104. Under Staff Accounting Bulletin 101, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable and (iv) collection is reasonably assured.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected in the future. Actual results may differ from those estimates.

Results of Operations for the Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

REVENUE

Total revenue for the three-month period ended September 30, 2008 decreased by (\$136,629) to \$467,865 from \$604,494 in the prior year, representing a decrease of 23%. The decrease in revenue was primarily the result of a decrease in VCS revenue, ICS revenue, and professional services as a result of the slowing economic environment and a few client sales/mergers subsequent to the three-month period ended September 30, 2007. This decrease was partially offset by an increase in sales in some product areas.

COST OF REVENUE

The cost of revenue for the three-month period ended September 30, 2008 decreased by (\$1,489) to \$37,736 as compared to \$39,225 for the three-month period ended September 30, 2007. The decrease was primarily due to the decrease in costs provided by vendor services.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses decreased by (\$62,321) during the three months ended September 30, 2008 to \$346,732 as compared to \$409,053 for the three-month period ended September 30, 2007. The decrease in SG&A expenses was primarily due to the reduction in certain bad debt and other ongoing vendor provided professional services and insurance.

RESEARCH AND DEVELOPMENT

Research and development expenses increased by \$14,875 during the three months ended September 30, 2008 to \$16,615 as compared to \$1,740 for the three months ended September 30, 2007. The increase is primarily due to the development of new products and new features for the existing product line.

DEPRECIATION AND AMORTIZATION

Expenses related to depreciation and amortization was \$16,513 for the three months ended September 30, 2008 as compared to \$46,134 for the prior year. The decrease is primarily due to elimination of loan costs related to the Cornell convertible debenture and the decreased depreciation of other equipment.

OTHER INCOME AND EXPENSE

Total other income and expense for the three months ended September 30, 2008 was \$5,748 as compared to (\$81,598) for the prior year. The change is primarily due to the elimination of the derivative liability valuation and interest expense related to the Cornell convertible debenture.

NET INCOME

For the three months ended September 30, 2008, our consolidated net income was \$9,830 as compared to a consolidated net income of \$26,744 for the three months ended September 30, 2007. The net income for the three months ended September 30, 2008 rose to \$56,017 before accounting for a provision for income tax of (\$46,187). This increase in net income over the period ended September 30, 2007 was due largely to a reduction in operating expenses and the elimination of the Cornell convertible debenture.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash at September 30, 2008 of \$649,195 as compared to cash of \$518,342 as of September 30, 2007. The Company had net working capital (i.e. the difference between current assets and current liabilities) of \$690,498 at September 30, 2008 as compared to a net working capital of \$52,567 at September 30, 2007.

Cash flow provided by operating activities was \$25,685 for the three months ended September 30, 2008 as compared to cash provided by operating activities of \$159,944 during the three months ended September 30, 2007.

Cash flow used in investing activities was (\$1,303) for the three months ended September 30, 2008 as compared to cash used in investing activities of (\$345) during the three months ended September 30, 2007.

Cash flow used by financing activities was (\$55,836) for the three months ended September 30, 2008 as compared to net cash used by financing activities of (\$73,098) for the three months ended September 30, 2007.

For the three months ended September 30, 2008, our capital needs have primarily been met from positive cash-flow from operations.

While we expect that our capital needs in the foreseeable future will be met by cash-on-hand and positive cash-flow, there is no assurance that the Company will have sufficient capital to finance its growth and business operations, or that such capital will be available on terms that are favorable to the Company or at all. In the current financial environment, it has been difficult for the Company to obtain equipment leases and other business financing. There is no assurance that we would be able to obtain additional working capital through the private placement of common stock or from any other source.

Off-Balance Sheet Arrangements

None.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

Item 4T. CONTROLS AND PROCEDURES.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by Warp 9 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. The Company's Chairman, Chief Executive Officer, and Acting Chief Financial Officer are responsible for establishing and maintaining controls and procedures for the Company.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2008 (under the supervision and with the participation of the Company's Chairman, Chief Executive Officer, and Acting Chief Financial Officer) pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. As part of such evaluation, management considered the matters discussed below relating to internal control over financial reporting. Based on this evaluation, the Company's Chairman, Chief Executive Officer, and Acting Chief Financial Officer have concluded that the disclosure controls and procedures are effective as of September 30, 2008.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or the degree of compliance with the policies or procedures may deteriorate.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
3.1	Articles of Incorporation (1)
3.2	Bylaws (1)
4.1	Specimen Certificate for Common Stock (1)
4.2	Non-Qualified Employee Stock Option Plan (2)
10.1	First Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (3)
10.2	Second Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (4)
10.3	Exchange Agreement and Representations for Shareholders of Warp 9, Inc.(3)
10.4	Termination and Assignment (5)
31.1	Section 302 Certification
32.1	Section 906 Certification

- (1) Incorporated by reference from the exhibits included with the Company's prior Report on Form 10-KSB filed with the Securities and Exchange Commission, dated March 31, 2002.
- (2) Incorporated by reference from the exhibits included in the Company's Information Statement filed with the Securities and Exchange Commission, dated August 1, 2003.
- (3) Incorporated by reference from the exhibits included with the Company's prior Report on Form SC 14F-1 filed with the Securities and Exchange Commission, dated April 8, 2003.
- (4) Incorporated by reference from the exhibits included with the Company's prior Report on Form 8K filed with the Securities and Exchange Commission, dated May 30, 2003.
- (5) Incorporated by reference from the exhibits included with the Company's prior Report on Form 8K filed with the Securities and Exchange Commission, dated May 7, 2007.

(b) The following is a list of Current Reports on Form 8-K filed by the Company during and subsequent to the quarter for which this report is filed.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 13, 2008

WARP 9, INC.
(Registrant)

By: \s\Harinder Dhillon

Harinder Dhillon, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: \s\Louie Ucciferri

Louie Ucciferri, Chairman, Corporate Secretary, Acting Chief Financial Officer
(Principal Financial / Accounting Officer)

Dated: November 13, 2008

By: \s\Harinder Dhillon

Harinder Dhillon, Chief Executive Officer and President (Principal Executive Officer)

Dated: November 13, 2008

EXHIBIT 31.1

SECTION 302 CERTIFICATION

EXHIBIT 31.1
CERTIFICATIONS

I, Harinder Dhillon, certify that:

1. I have reviewed this report on Form 10-Q of Warp 9, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting;
5. The issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 13, 2008

By: \s\Harinder Dhillon

Harinder Dhillon, Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

SECTION 302 CERTIFICATION

EXHIBIT 31.2
CERTIFICATIONS

I, Louie Ucciferri, certify that:

1. I have reviewed this report on Form 10-Q of Warp 9, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting;
5. The issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 13, 2008

By: *\s\Louie Ucciferri*

Louie Ucciferri, Chairman, Corporate Secretary, Acting Chief Financial Officer
(Principal Financial/Accounting Officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Warp 9, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2008 (the "Report") I, Harinder Dhillon, Chief Executive Officer and President of the Company, certify, pursuant to 18USC §§.1350, as adopted pursuant to §§.906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2008

By: \s\Harinder Dhillon

Harinder Dhillon, Chief Executive Officer and President
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

SECTION 906 CERTIFICATION

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Warp 9, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2008 (the "Report") I, Louie Ucciferri, Chairman, Corporate Secretary, and Acting Chief Financial Officer of the Company, certify, pursuant to 18USC §§.1350, as adopted pursuant to §§.906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2008

By: *\s\Louie Ucciferri*

Louie Ucciferri, Chairman, Corporate Secretary, Acting Chief Financial Officer
(Principal Financial/Accounting Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.
