



**BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS**

**Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.**

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

As of Aug 10, 2003, there were 5,821,211 shares of the issuer's common stock outstanding.

Transitional Small Business Disclosure Format (check one):

Yes  No

## Item 1. Financial Statements.

**CORDIA CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	June 30, 2003 -----	December 31, 2002 -----	
<b>ASSETS</b>			
Current Assets			
Cash	\$ 55,521	\$ 234,770	
Accounts receivable, less allowance for doubtful accounts of \$43,357 (2003) and \$65,000 (2002)		404,440	507,920
Investments	-	3,685	
Prepaid expenses and other current assets		114,352	64,817
Other loans receivable		-	33,649
	-----	-----	
<b>TOTAL CURRENT ASSETS</b>		<b>574,313</b>	<b>844,841</b>
	-----	-----	
Property and equipment			
Cost of property and equipment		16,358	404,346
Less: Accumulated depreciation		5,413	141,140
	-----	-----	
<b>NET PROPERTY AND EQUIPMENT</b>		<b>10,945</b>	<b>263,206</b>
	-----	-----	
Other Assets			
Notes Receivable	750,000	-	
Security Deposits	61,937	60,904	
	-----	-----	
<b>TOTAL OTHER ASSETS</b>		<b>811,937</b>	<b>60,904</b>
	-----	-----	
<b>TOTAL ASSETS</b>	<b>\$ 1,397,195</b>	<b>\$ 1,168,951</b>	
	=====	=====	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>			
Current Liabilities			
Book Overdraft	\$ -	\$ 90,946	
Accounts payable and accrued expenses		883,433	1,782,184

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Obligation under capital lease, current portion		-	25,672
Unearned income	140,867		93,237
Loans payable to affiliates	9,000		9,744
Loans payable-other	62,281		36,103
	-----	-----	
<b>TOTAL CURRENT LIABILITIES</b>		1,095,581	2,037,886
	-----	-----	
Noncurrent Liabilities			
Obligation under capital lease, less current portion		-	7,404
	-----	-----	
<b>TOTAL NONCURRENT LIABILITIES</b>		-	7,404
	-----	-----	
Stockholders' Equity (Deficit)			
Preferred stock, \$.001 par value; 5,000,000 shares authorized, no shares issued and outstanding		-	-
Common stock, \$.001 par value; <R>100,000,000</R> shares authorized, 5,821,211 (2003) and 5,701,211 (2002) shares issued and outstanding		5,821	5,701
Additional paid-in capital	4,163,536		3,956,739
Common stock subscribed	-		60,000
Accumulated deficit	(3,842,743)		(4,873,779)
	-----	-----	
	326,614	(851,339)	
Less Treasury stock, 10,000 common shares at cost		(25,000)	(25,000)
	-----	-----	
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIT)</b>		301,614	(876,339)
	-----	-----	
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>			\$ 1,397,195    \$ 1,168,951
	=====	=====	

Note: The balance sheet at December 31, 2002 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles in the United States. See notes to consolidated financial statements.

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**CORDIA CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	For the Six Months Ended June 30,		For the Three Months Ended June 30,	
	2003	2002	2003	2002
<b>Revenues</b>				
Telecommunications Revenue	\$ 1,380,817		\$ 5,884	\$ 776,243
Other	58,593	169,184	40,575	92,775
	1,439,410	175,068	816,818	98,659
<b>Operating Expenses</b>				
Resale and wholesale line charges	664,141		2,731	366,950
Payroll and payroll taxes	346,509		200,638	91,887
Advertising and promotion	310,506		28,723	239,342
Professional and consulting fees	183,061		304,525	70,299
Depreciation	2,779	992	1,531	555
Insurance	34,331	9,542	16,265	4,458
Office expense	20,427	5,272	11,849	2,507
Telephone	29,834	6,150	16,065	4,415
Rent and building maintenance	27,883		9,274	14,113
Other selling, general and administrative	212,999		28,021	118,295
	1,832,470	595,868	1,040,102	283,182
<b>Operating Loss</b>	(393,060)	(420,800)	(223,284)	(184,523)
<b>Other Income (Expenses)</b>				
Income (loss) on investments	3,750	(32,943)	950	(1,600)
Interest income (expense)	6,767	(1,278)	3,471	(550)
	10,517	(34,221)	4,421	(2,150)
<b>Loss From Continuing Operations</b>	(382,543)	(455,020)	(218,863)	(186,673)
<b>Income (Loss) from Discontinued Operations</b>				

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Gain on Disposal of subsidiary	\$ 1,554,306	\$ 322,796	\$ --	\$ 322,796
Loss from operations of discontinued Segments	(140,726)	(523,383)	--	(184,209)
	-----	-----	-----	-----
	1,413,580	(200,587)	--	138,587
	-----	-----	-----	-----
Net Income (Loss)	\$ 1,031,037	\$ (655,608)	\$ (218,863)	\$ (48,086)
	=====	=====	=====	=====
Income (Loss) per Share	\$ 0.18	\$ (0.12)	\$ (0.04)	\$ (0.01)
	=====	=====	=====	=====
Weighted Average Shares Outstanding	5,792,747	5,516,261	5,811,973	5,566,033
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.

**CORDIA CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	For the Six Months Ended		
	June 30,		
	2003	2002	
	-----	-----	
<b>Cash Flows From Operating Activities</b>			
Net income (loss)	\$1,031,037	\$ (655,608)	
(Gain) on disposal of subsidiaries	(1,554,308)	(322,796)	
Adjustments to reconcile net income (loss) to net cash provided (used) by operations			
(Gain) loss on investments	(3,750)	54,456	
Consulting expense	108,417	142,600	
Depreciation expense	2,780	43,784	
Noncash expenses of discontinued business segments		13,919	--
(Increase) decrease in assets			
Accounts receivable	(64,126)	(64,211)	
Prepaid expenses and other current assets		(106,264)	(93,000)
Security deposits	(28,172)	--	
Increase (decrease) in liabilities			
Book overdraft	182,236	--	
Accounts payable and accrued expenses		211,299	680,394
Unearned income	214,296	39,649	
	-----	-----	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			<b>7,364 (174,732)</b>
	-----	-----	
<b>Cash Flows From Investing Activities</b>			
Decrease in loans receivable from affiliates	--	15,070	
(Increase) in other loans receivable	(9,104)	(100,250)	
Decrease in other loans receivable	1,750	--	
Decrease in cash of sold subsidiaries	(241,055)	--	
Proceeds from sale of investments	6,550	26,547	
Purchase of investments	--	(66,790)	
Purchase of property and equipment	(8,549)	(89,299)	
	-----	-----	
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		<b>(250,408)</b>	<b>(214,722)</b>
	-----	-----	
<b>Cash Flows From Financing Activities</b>			
Net Proceeds from issuance and subscription of common stock		38,500	387,500
Payment of notes payable	--	(1,650)	
Payments of obligations under capital lease	(9,884)	(7,615)	
Proceeds from loans payable to affiliates	9,000	14,446	



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Payment of loans payable to affiliates	-	(8,296)	
Proceeds from loans payable other	67,468	277,006	
Payments of other loans payable	(41,289)	(130,000)	
	-----	-----	
NET CASH PROVIDED BY FINANCING ACTIVITIES		63,795	531,391
	-----	-----	
Increase (Decrease) in Cash	(179,249)	141,937	
Cash, Beginning	234,770	185,348	
	-----	-----	
Cash, Ending	\$ 55,521	\$ 327,285	
	=====	=====	

See notes to condensed consolidated financial statements.

**CORDIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**

June 30, 2003

Note 1: Basis of Presentation

Our unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all of the information and disclosures required by generally accepted accounting principles. Therefore, these financial statements should be read in conjunction with the financial statements and related footnotes included in our Annual Report on Form 10-KSB for the most recent year-end. These financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly state the results for the interim periods reported. The results of operations for the three- and six-month periods ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year.

The consolidated financial statements include the accounts of Cordia Corporation ("Cordia"), and Cordia Communications Corp. ("CCC") for the six months and three months ended June 30, 2003 and 2002. The consolidated financial statements also include the accounts of Cordia's discontinued business ISG Group, Inc ("ISG") and its subsidiaries (Universal Recoveries, Inc. and U.L.A.E., Inc., both wholly-owned) for the period January 1, 2003 through March 3, 2003 (date of disposal) and for the six and three months ended June 30, 2002. The consolidated financial statements also include the accounts of Cordia's discontinued business segment RiderPoint and subsidiary, for the six months and three months ended June 30, 2002. Cordia Corporation and its subsidiaries are collectively referred to herein as the "Company." All material intercompany balances and transactions have been eliminated.

Note 2: Investments

Trading Securities

At December 31, 2002, investments included common shares of eLEC Communications Corp. ("eLEC"). All investments are classified as trading securities and accordingly, stated at fair value, which is based on market quotes. Adjustments to fair value of the equity securities are recorded as an increase or decrease in investment income in the accompanying statements of operations. All remaining shares of eLEC were sold during the second quarter of 2003.

During June 2002, we sold all of our common shares of RiderPoint Inc. and its subsidiary, RP Insurance Agency Inc., and our entire membership interest in Webquill Internet Services, LLC for \$1,000. We recognized a gain of \$322,796 in connection with such sale. The results of operations of RiderPoint Inc, RP Insurance Agency Inc, and Webquill are presented as losses from operations of discontinued segments in the accompanying condensed consolidated statements of operations.

On March 3, 2003, Cordia sold its equity interests in ISG to West Lane Group Inc., a company owned by the then-current management of ISG. The \$750,000 selling price of ISG is evidenced by a promissory note bearing interest at the rate of 6% per annum. The principal obligation of \$750,000 under the note is payable on or before March 3, 2005, and is secured by 700,000 shares of Cordia's common stock owned by WestLane Group, Inc.

**NOTE 3 - SALE OF BUSINESS SEGMENTS**

Sale of RiderPoint, Inc., and its subsidiary, and Webquill Internet Services,  
**LLC:**

On June 27, 2002, the Company sold for \$1,000 in cash, (a) its common stock equity interests in RiderPoint, Inc. and its subsidiary, RP Insurance Agency, Inc., and (b) its entire membership interest in Webquill. RiderPoint had focused on the development of technological systems, solutions and processes that would allow it to become a nationwide distributor of insurance products through the internet and traditional insurance agents. RP Insurance Agency, Inc. acted as an insurance broker for individuals, purchasing property and liability insurance for power sports vehicles. Webquill provided internet hosting services to businesses and individuals. The Company recognized a gain of \$337,793 on the

**CORDIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**

June 30, 2003

NOTE 3 - SALE OF BUSINESS SEGMENTS (cont'd)

sale of these interests. As a result of the sale of these business segments, the Company's net operating loss for Federal income tax reporting purposes decreased by approximately \$1,940,000.

The following is a summary of the sale transaction:

	RiderPoint, and subsidiary	Webquill	Total
	-----	-----	-----
Assets sold	\$ (25,189)	\$ (2,763)	\$ (27,952)
Liabilities sold	412,917	15,701	428,618
Cash payment received		500	1,000
Write-off of inter-company receivables and payables	(63,873)	-0-	(63,873)
	-----	-----	-----
Gain on sale	\$324,355	\$13,438	\$337,793
	=====	=====	=====

Sale of ISG:

The following is a summary of the sale transaction of ISG (unaudited):

Assets sold	\$ (778,529)
Liabilities sold	1,658,917
Note received	750,000
Write-off of inter-company receivables and payables	(76,082)
	-----
Gain on sale, before income taxes	\$1,554,306
	=====

The Company's net operating losses are expected to offset the gain on the sale of ISG.

As a result of the sale of ISG, (a) employee stock options to purchase 83,000 common shares of the Company at \$7.50 per share expired, and (b) the Company's net operating loss carry-forward for federal income tax reporting purposes, on a pro-forma basis giving retroactive effect to the sale of ISG as of December 31, 2002, would have been approximately \$2,220,000.



**CORDIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**

June 30, 2003

NOTE 3 - SALE OF BUSINESS SEGMENTS (cont'd)

The accompanying consolidated balance sheet at December 31, 2002 include the following assets and liabilities of the discontinued business segments ISG:

Current Assets

Cash	\$ 164,527
Accounts receivable, net	377,568
Investments	886
Prepaid expenses and other current assets	17,512
Loans receivable from affiliates	31,899
Loans receivable from parent and subsidiaries*	-

-----  
Total current assets 592,392  
-----

Property and equipment

Office equipment	218,015
Equipment - capital leases	58,567
Vehicles	16,743
Furniture and fixtures	98,376

-----  
**391,701**  
-----

Less: Accumulated depreciation 138,506  
-----

**253,195**  
-----

Other assets

Security deposits	27,139
-------------------	--------

-----  
Total assets \$ 872,726  
=====

Current Liabilities

Book overdraft	\$ 90,946
Accounts payable and accrued expenses	1,319,207
Obligation under capital lease, current portion	25,672
Unearned income	83,333
Loans payable to affiliates	9,744
Loans payable to parent and subsidiaries*	76,082*

	-----	
Total current liabilities	1,604,984	
	-----	
Obligation under capital lease, less current portion	7,404	
	-----	
Accumulated deficit	(739,662)	
	-----	
Total liabilities and accumulated deficit	\$ 872,726	
	=====	

\*Eliminated in consolidation.

**CORDIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**

June 30, 2003

NOTE 3 - SALE OF BUSINESS SEGMENTS (cont'd)

License Agreement

On March 3, 2003, Cordia entered into a licensing agreement with ISG whereby ISG purchased an unlimited license to certain software owned by Cordia. The license agreement provides for ISG to pay Cordia \$100,000 on execution of license agreement, plus \$6,000 per month (including interest) for a period of twenty-five months. Cordia shall provide software updates and maintenance as necessary, during this twenty-five month period.

Loss from operations of discontinued business segments includes the following:

	Six months ended June 30,	
	----- 2003 -----	----- 2002 -----
Revenues:		
Subrogation Service Revenue, net	\$ 631,361	\$1,213,823
Claims Administration income	197,667	1,211,713
Other	-	1,254
	-----	-----
Total Revenues:	\$ 829,028	\$2,426,790
Loss before income taxes	\$ 140,726	\$ 523,383

The 2002 statement of operations was reclassified to show the results of operations for the RiderPoint and ISG business segments as discontinued.



**CORDIA CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**

June 30, 2003

Note 4: Stockholders' Equity

During June 2002, we approved a 5-for-1 reverse split of our common stock with no change in its par value of \$.001. All references in the consolidated financial statements and in the notes to consolidated financial statements with respect to the number of common shares and per share amounts have been restated to reflect the stock split.

During September 2000, we issued warrants to purchase 22,400 shares of our common stock. The warrants had an exercise price of \$12.50 per share and expired during the period from July through September 2002. No warrants were exercised prior to expiration.

Effective January 5, 2001, we established our 2001 Equity Incentive Plan (the "Plan"). The total number of shares of our common stock issuable under the Plan is 1,000,000, subject to adjustment for events such as stock dividends and stock splits. The Plan is administered by a committee of the Board of Directors having full and final authority and discretion to determine when and to whom awards should be granted. The committee will also determine the terms, conditions and restrictions applicable to each award.

Transactions under the Plan are summarized as follows giving retroactive effect to the reverse stock split:

	Stock Options -----	Exercise Price -----
Balance, December 31, 2002	146,000	\$ 7.50 to 11.25
Granted:	615,000	\$ .60
Exercised	-	\$
Expired	(83,000)	\$ 7.50
	-----	-----
Balance, June 30, 2003	678,000	\$ .60 to 11.25

Note 5: Commitments

We have no commitments for annual rentals under noncancelable operating leases.