

Edgar Filing: INNOFONE COM INC - Form 10QSB/A

INNOFONE COM INC  
Form 10QSB/A  
February 02, 2006

FORM 10-QSB/A

(Amendment No. 2)

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

(Mark One)

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

For the quarterly period ended March 31, 2005

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 0-31949

INNOFONE.COM, Incorporated

(Exact name of registrant as specified in its charter)

Nevada

98-0202313

\_\_\_\_\_  
(State or other jurisdiction of incorporation or organization)

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

1431 Ocean Avenue, Suite 1100, Santa Monica, CA  
\_\_\_\_\_  
(Address of principal executive office)

90401  
\_\_\_\_\_  
(Zip Code)

(310) 458-3233  
\_\_\_\_\_

(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 X No

The number of shares outstanding of each of Issuer's classes of common equity as of March 31, 2005

Common Stock at Par Value \$0.001

16,369,484

\_\_\_\_\_  
Title of Class

\_\_\_\_\_  
Number of Shares

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Transitional Small Business Disclosure Format    yes            no   X  
     -----      -----

INNOFONE.COM, Incorporated

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On May 16, 2005, Innofone.com, Incorporated (the "Company") filed its Quarterly Report on Form 10-QSB for its quarter ended March 31, 2005 (the "Form 10-QSB"). On January 24, 2006, the Company filed Amendment No. 1 on Form 10-QSB/A to reflect revisions to the certifications and to reflect the recent resignation of the Company's Chief Financial Officer. Disclosure pertaining to the resignation of the Chief Financial Officer has been previously filed on Current Report Form 8-K filed on January 23, 2006. The Company is filing this Amendment No. 2 on Form 10-QSB/A to reflect additional revisions to the certifications and to include the full quarterly report in this Amendment as was previously filed on May 16, 2005.

This Amendment does not reflect events occurring after the filing of the original 10-QSB and other than the adjustments stated, does not modify or update the disclosures in the original 10-QSB in any way.

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I N C O R P O R A T E D

For the quarter ended March 31, 2005  
(Unaudited)

INNOFONE.COM, INCORPORATED  
Condensed Balance Sheet  
(Stated in United States dollars)

March 31, 2005 with comparative figures as at June 30, 2004

|   | March 31, 2005             | June 30, 2004              |
|---|----------------------------|----------------------------|
|   | (unaudited)                | (unaudited)                |
| <b>Assets</b>                                   |                            |                            |
| -----   |                            |                            |
| Current assets                                  | \$ 0                       | \$ 0                       |
| =====   |                            |                            |
| <b>Liabilities and Shareholders' Deficiency</b> |                            |                            |
| -----   |                            |                            |
| Current liabilities:                            |                            |                            |
| Accounts payable and accrued liabilities        | \$ 0                       | \$ 0                       |
| -----   |                            |                            |
| Shareholders' deficiency:                       |                            |                            |
| Share capital:                                  |                            |                            |
| Common shares                                   | 4,888,078                  | 4,878,930                  |
| Additional paid-in capital                      | 9,204,984                  | 9,023,332                  |
| -----   |                            |                            |
| Deficit   | 14,093,062<br>(14,093,062) | 13,902,262<br>(13,902,262) |
| -----   |                            |                            |
|   | 0                          | 0                          |
| -----   |                            |                            |
|   | \$ 0                       | \$ 0                       |
| =====   |                            |                            |

See accompanying notes to financial statements.

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INNOFONE.COM, INCORPORATED  
Condensed Statements of Operations  
(Stated in United States dollars)

For the three months ended March 31, 2005 with comparative figures for the three months ended March 31, 2004

|  | Three months ended | Nine m |
|--|--------------------|--------|
|--|--------------------|--------|

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|  | March 31, 2005 | March 31, 2004 | March 31, 2003 |
|--|----------------|----------------|----------------|
|  | (unaudited)    | (unaudited)    | (unaudited)    |
| Sales  | \$ -           | \$ -           | \$ -           |
| Cost of sales  | -              | -              | -              |
| Gross profit   | -              | -              | -              |
| Selling, general and administrative expenses         | 115,800        | 104,000        | 215,800        |
| Net income (loss)                                    | \$ (115,800)   | \$ (104,000)   | \$ (215,800)   |
| Basic net loss per share                             | \$ 0           | \$ 0           | \$ 0           |
| Weighted average number of common shares outstanding | 16,835,484     | 4,955,891      | 11,865,484     |

See accompanying notes to financial statements.

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INNOFONE.COM, INCORPORATED  
Statement of Shareholders' Deficit  
(Stated in United States Dollars)

For The Period Ended March 31, 2005

|  | Common Shares | Additional Paid-In Capital | Deficit        |
|--|---------------|----------------------------|----------------|
| BALANCE, June 30, 2001                                       | 4,773,965     | \$ 7,098,052               | \$ (13,654,87) |
| Stock options exercised                                      | 475           | (427)                      |                |
| Convertible notes converted to stock                         | 520           | 415,480                    |                |
| Issuance of stock for Digital Micro Distribution Canada Inc. | 67,000        | -                          |                |
| Issuance of stock for equipment                              | 146           | 7,154                      |                |
| Convertible notes converted to stock                         | 666           | 199,334                    |                |
| Net earnings   | -             | -                          | 335,94         |
| BALANCE, June 30, 2002                                       | 4,842,772     | 7,719,593                  | (13,318,93)    |
| Convertible note converted to stock                          | 2,300         | 647,700                    |                |
| Issuance of shares for legal services                        | 500           | 1,887                      |                |

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|  |           |           |             |
|--|-----------|-----------|-------------|
| Issuance of shares for consulting services       | 26,378    | 180,932   |             |
| Net loss   | -         | -         | (209,69)    |
| -----  |           |           |             |
| BALANCE, June 30, 2003                           | 4,871,950 | 8,550,112 | (13,528,63) |
| Issuance of shares for consulting services       | 7,060     | 448,140   |             |
| Net loss   | -         | -         | (348,62)    |
| -----  |           |           |             |
| BALANCE, June 30, 2004                           | 4,879,010 | 8,998,252 | (13,877,26) |
| -----  |           |           |             |
| BALANCE September 30, 2004                       | 4,879,010 | 8,998,252 | (13,877,26) |
| Issuance of shares for consulting services       | 10,000    | 90,000    |             |
| Net loss   | -         | -         | (100,00)    |
| -----  |           |           |             |
| BALANCE December 31, 2004                        | 4,889,010 | 9,088,252 | (13,977,26) |
| Issuance of shares for consulting services (net) | (932)     | 116,732   |             |
| Net loss   | -         | -         | (115,80)    |
| -----  |           |           |             |
| BALANCE March 31, 2005                           | 4,888,078 | 9,204,984 | (14,093,06) |
| =====  |           |           |             |

See accompanying notes to financial statements.

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INNOFONE.COM, INCORPORATED  
Statement of Cash Flows  
(Stated in United States dollars)

For the three months ended March 31, 2005 with comparative figures for the three months ended March 31, 2004

|   | Three Months Ending |                |
|---|---------------------|----------------|
|   | March 31, 2005      | March 31, 2004 |
|   | (unaudited)         | (unaudited)    |
| -----   |                     |                |
| Cash flows provided by (used in):             |                     |                |
| Operations:                                   |                     |                |
| Net earnings (loss)                           | \$ 115,800          | \$ 104,000     |
| Shares issued for consulting services         | (115,800)           | -              |
| Changes in non-cash operating working capital |                     |                |
| Accounts payable                              | -                   | (104,000)      |
| -----   |                     |                |

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|  |        |        |
|--|--------|--------|
|  | -      | -      |
| -----  |        |        |
| Increase (decrease) in cash and cash equivalents | nil    | nil    |
| Cash and cash equivalents, beginning of period   | nil    | nil    |
| -----  |        |        |
| Cash and cash equivalents, end of period         | \$ nil | \$ nil |
| =====  |        |        |

Cash interest paid for the quarter ended March 31, 2005 and March 31, 2004 was \$0 and \$0 respectively.

See accompanying notes to financial statements

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INNOFONE.COM, INCORPORATED  
Notes to the Financial Statements  
March 31, 2005

1. BASIS OF PRESENTATION

Bulletin Board Listing  
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In January 2001, the Company completed a Registration Statement that has been filed with the United States Securities and Exchange Commission in order for the Company's shares to be eligible for trading in the United States on the National Association of Securities Dealings over-the-counter Bulletin Board.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States, the more significant of which are outlined below.

Use of Estimates  
-----

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Foreign Currency Translation  
-----

The Company's reporting currency is the United States dollar because the Company is a United States corporation and it is trading publicly in the United States. The statements of operations are translated into United States dollars using the average exchange rate for the year. The balance sheets are translated into United States dollars using the year-end exchange rate.

Stock Option Plans  
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The Company applies the fair value based method of accounting prescribed by SFAS No. 123, Accounting for Stock-Based Compensation in accounting for its stock options granted to both employees and non-employees. As such, compensation expense is recorded on the date of grant based on the fair value of the award and is recognized over the service period.

### Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of -----

The Company accounts for long-lived assets in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of. This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

### 3. CAPITAL STOCK

The number of outstanding shares of the Company as at December 31, 2004 is computed as follows:

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INNOFONE.COM, INCORPORATED  
Notes to Financial Statements  
(Stated in United States Dollars)  
March 31, 2005

|   | Common      |
|---|-------------|
| =====   |             |
| Outstanding Shares as at June 30, 2000            | 20,750,000  |
| Shares issued in exchange for legal fees          | 1,403,333   |
| Options exercised in exchange for marketing costs | 30,000      |
| Options exercised                                 | 430,000     |
| Promissory notes converted to common stock        | 3,851,500   |
| Common stock subscribed                           | 1,000,004   |
| Preferred stock to be converted to common stock   | 3,750,000   |
| -----   |             |
| Outstanding Shares as at June 30, 2001            | 31,214,837  |
| Shares issued in exchange for equipment           | 146,000     |
| Options exercised                                 | 475,000     |
| Shares issued to DMD CANADA shareholders          | 67,000,000  |
| Shares issued on conversion of debt               | 1,186,668   |
| -----   |             |
| Outstanding Shares as at June 30, 2002            | 100,022,505 |
| Shares issued in exchange for consulting fees     | 23,357,826  |
| Shares issued in exchange for legal fees          | 500,000     |

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|  |               |
|--|---------------|
| Reverse stock split: 175 shares for one share  | (123,172,444) |
| Share issuance on conversion of debt           | 2,300,000     |
| Share issuance on exchange for consulting fees | 3,021,800     |
| Reverse stock split: 20 shares for one share   | (5,728,203)   |
| -----  |               |
| Outstanding shares as at June 30, 2003         | 301,484       |
| Share issuance for consulting fees             | 7,000,000     |
| -----  |               |
| Outstanding shares as at June 30, 2004         | 7,301,484     |
| Share issuance for consulting fees             | 10,000,000    |
| -----  |               |
| Outstanding shares as at December 31, 2004     | 17,301,484    |
| -----  |               |
| Share issuance for consulting fees (net)       | (932,000)     |
| -----  |               |
| Outstanding shares as at March 31, 2005        | 16,369,484    |
| =====  |               |

Management's Discussion and Analysis For the Quarter ended March 31, 2005

Forward-Looking Statements

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The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and Notes thereto for the year ended June 30, 2004 filed with the SEC on October 15, 2004. This quarterly report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Words such as "may," "plans," "expects," "anticipates," "approximates," "believes," "estimates," "intends," "hopes," "potential," or "continue", and variations of such words and similar expressions, are intended to identify such forward-looking statements. The Company intends such forward-looking statements, all of which are qualified by this statement, to be covered by the safe harbor provisions for forward-looking statements contained in the Private Litigation Securities Reform Act of 1995, and is including this statement for purposes of complying with these safe harbor provisions. The Company has based these statements on its current expectations and projections about future events. These forward-looking statements are not guarantees of future performance, and are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Forward-looking statements include, but are not limited to:

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's views only as of the date hereof. The Company is not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-QSB might not occur. Readers should carefully review the risk factors described in the previously filed Form 10-KSB and in any other documents the Company files from time to time with the Securities and Exchange Commission, including any future Annual Reports on Form 10-KSB and Quarterly Reports on Form 10-QSB.



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### Overview

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Innofone.com Inc. currently operates out of Maryland with mailing address of 3470 Olney-Laytonsville Rd., Suite 118, Olney, MD 20832.

The Company currently does not have sufficient funds with which to sustain its operations. The company plans to issue stock to try and raise operating capital for the company. There is no assurance that this can be done. There is little chance that the company will receive a dividend from the bankruptcy of its previously owned subsidiary, Innofone Canada.

The Company is currently reviewing and implementing new disclosure controls and procedures to ensure that they fully comply with the new Securities Exchange Act Rules 13a-15 and 15d-15.

- (a) Plan of Operations
- (b) Acquisitions
- (c) Future

The company plans to look for new acquisitions and will not invest or operate any current or previously owned subsidiaries.

The company has relocated to Maryland and may change it's offices again if the company is successful in finding a new acquisition.

Due to the lack of sufficient operating funds, Mr Richardson is currently funding operations.

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### (b) Results of Operations

As reflected in the company's statement of operations the company has recorded no sales for the year and the company does not currently conduct any operations.

The current officers and directors are covering all expenses of the company via short-term loans and advances which have been and will continue to be paid off in stock until the company has the cash flow to cover these expenses. These services include the preparation of company filings, the search of acquisition targets and legal expenses.

## PART II- OTHER INFORMATION.

### Item 1. Legal Proceedings.

There are currently no legal proceedings against the company at this time.

### Item 2. Change in Securities.

1,280,000 shares were returned by Mr. Richardson  
348,000 shares were issued for consulting services

### Item 3. Defaults Upon Senior Securities.

There was no material default in payments of any Senior Securities it has all been paid in full with stock.

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

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There were no matters requiring a vote of security holders during this period.

Item 5. Other Information.

None.

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Item 6. Exhibits

A. Exhibits

31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act.\*

32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act.\*

\_\_\_\_\_  
\* Filed herewith.

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SIGNATURES

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Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INNOFONE.COM, Incorporated

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Date: February 2, 2006

By: /s/ Alex Lightman

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Alex Lightman, Chief Executive Officer  
and Principal Financial Officer

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