

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

INNOFONE COM INC  
Form 10KSB/A  
January 24, 2006

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

Form 10-KSB/A  
-----

(Amendment No. 2)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended June 30, 2004.

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

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

Commission file number: 0-31949

Innofone.com Incorporated  
-----

(Name of Small Business Issuer)

Nevada  
-----

(State or other jurisdiction of incorporation or organization)

98-0202313  
-----

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

1431 Ocean Avenue, Suite 1100, Santa Monica, CA  
-----

(Address of principal executive offices)

90401  
-----

(Zip Code)

Issuer's telephone number: (310) 458-3233

Securities registered under Section 12(b) of the Exchange Act: None  
-----

Securities registered under Section 12(g) of the Exchange Act:

Common Shares, \$ .001 par value  
-----

(Title of class)

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The issuer had no revenues for the year ended June 30, 2003.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2003, based on the closing trading price of the day of

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\$0.50 for the issuer's Common Shares, \$0.001 par value (the "Common Shares") was \$150,742.00.

The number of shares outstanding of the issuer's common equity, as of June 30, 2003, was 301,484.

Transitional Small Business Disclosure Format (Check one): Yes No X  
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Explanatory Note

On October 13, 2004, Innofone.com, Incorporated (the "Company") filed its Annual Report on Form 10-KSB for its fiscal year ended June 30, 2004 which was subsequently amended on September 6, 2005 (the "2004 Form 10-KSB"). The Company is filing this Amendment No. 2 to Form 10-KSB/A to reflect in its 2004 financial statements the removal of certain items as extraordinary as per paragraph 26 of APB 30 and to adjust the 2004 financial statements to reflect previously reported debt forgiveness as capital contribution. Further, revisions have been made to the certifications to this 2004 Form 10-KSB 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.

This Amendment does not reflect events occurring after the filing of the original 2004 Form 10-KSB and other than making the adjustments stated, does not modify or update the disclosures in the original 2004 Form 10-KSB in any way, including the 2004 financial statements.

INNOFONE.COM, INCORPORATED  
Financial Statements  
(Stated in United States Dollars)  
June 30, 2004

INNOFONE.COM, INCORPORATED

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June 30, 2004

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FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the Board of Directors and Shareholders of:  
INNOFONE.COM, INCORPORATED

We have audited the accompanying balance sheet of INNOFONE.COM, INCORPORATED as at June 30, 2004 and 2003, and the statements of operations, shareholders' deficit and cash flows for each of the years in the three-year period ended June 30, 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2004 and 2003, and the results of its operations and their cash flows each of the years in the three-year period ended June 30, 2004, in conformity with Accounting principles generally accepted in the United States of America.

Toronto, Ontario  
October 7, 2004

Chartered Accountants

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INNOFONE.COM, INCORPORATED  
Balance Sheet  
(Stated in United States Dollars)  
As at June 30, 2004

Statement I

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|                            | 2004         | 2003         |
|----------------------------|--------------|--------------|
| -----                      |              |              |
| ASSETS                     |              |              |
| Investment in              | \$ --        | \$ --        |
| -----                      |              |              |
| LIABILITIES                |              |              |
| -----                      |              |              |
| SHAREHOLDERS' DEFICIENCY   |              |              |
| CAPITAL STOCK (note 4)     |              |              |
| Common shares              | 4,879,010    | 4,871,950    |
| Additional paid-in capital | 9,314,824    | 8,550,112    |
|                            | 14,193,834   | 13,422,062   |
| (DEFICIT) - Statement II   | (14,193,834) | (13,422,062) |
|                            | (--)         | (--)         |
|                            | \$ --        | \$ --        |
| =====                      |              |              |

{See accompanying notes.}

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INNOFONE.COM, INCORPORATED  
Statement of Shareholders' Deficit  
(Stated in United States Dollars)  
For The Year Ended June 30, 2004

Statement II

|  | Common<br>Shares<br>(Restated) | Additional<br>Paid-In<br>Capital |
|--|--------------------------------|----------------------------------|
| -----  |                                |                                  |
| BALANCE, June 30, 2001                                       | \$ 4,773,965                   | \$ 7,098,052                     |
| 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   | --                             | --                               |
| -----  |                                |                                  |
| BALANCE, June 30, 2002                                       | 4,842,772                      | 7,719,593                        |
| 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                                   | --           | --           |
| -----                                      |              |              |
| BALANCE, June 30, 2003                     | 4,871,950    | 8,550,112    |
| Issuance of shares for consulting services | 7,060        | 448,140      |
| Forgiveness of debt from related party     | --           | 316,572      |
| Net loss                                   | --           | --           |
| -----                                      |              |              |
| BALANCE, June 30, 2004                     | \$ 4,879,010 | \$ 9,314,824 |
| =====                                      |              |              |

{See accompanying notes.}

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INNOFONE.COM, INCORPORATED  
Statement of Operations  
(Stated in United States Dollars)  
For the Year Ended June 30, 2004

Statement III

|   | 2004         | 2003         | 2002       |
|---|--------------|--------------|------------|
| -----   |              |              |            |
| SALES   | \$ --        | \$ --        | \$ --      |
| -----   |              |              |            |
| EXPENSES  |              |              |            |
| Write-off of investment   | 210,000      | --           | --         |
| Forgiveness of debt   | --           | (294,908)    |            |
| Net gain on sale of Digital Micro<br>Distribution Canada Incorporated | --           | --           | (143,000)  |
| Selling, general and administrative                                   | 455,200      | 209,697      | 101,968    |
| -----   |              |              |            |
|   | 665,200      | 209,697      | (335,940)  |
| -----   |              |              |            |
| NET INCOME (LOSS) FOR THE YEAR  | \$ (665,200) | \$ (209,967) | \$ 335,940 |
| =====   |              |              |            |
| BASIC NET INCOME (LOSS) PER SHARE<br>(Note 5)                         | \$ (0.14)    | \$ (1.37)    | \$ --      |
| =====   |              |              |            |
| WEIGHTED AVERAGE NUMBER OF<br>COMMON SHARES OUTSTANDING               | 4,740,817    | 152,682      | 79,738,604 |
| =====   |              |              |            |

{See accompanying notes.}

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INNOFONE.COM, INCORPORATED  
Statement of Cash Flows

Statement IV

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(Stated in United States Dollars)  
For The Year Ended June 30, 2004

|  | 2004         | 2003         | 2002       |
|--|--------------|--------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |              |              |            |
| Net earnings (loss) for year                                       | \$ (665,200) | \$ (209,697) | \$ 335,940 |
| Issuance of shares for consulting services                         | 455,200      | 209,697      | (173,024)  |
| Net gain on sale of Digital Micro Distribution Canada Incorporated | --           | --           | (143,000)  |
| Changes in non-cash working capital components                     |              |              |            |
| - Write-off of investments   | 210,000      | --           | --         |
| - Prepaid expenses and deposits                                    | --           | --           | 225        |
| - Accounts payable and accrued liabilities                         | --           | --           | (19,938)   |
|  | --           | --           | 498        |
| <b>FINANCING ACTIVITIES</b>  |              |              |            |
| Bank indebtedness  | --           | --           | (546)      |
| Issuance of capital stock  | --           | --           | 48         |
|  | --           | --           | 498        |
| <b>INCREASE IN CASH</b>  | --           | --           | --         |
| <b>CASH, BEGINNING OF YEAR</b>                                     | --           | --           | --         |
| <b>CASH, END OF YEAR</b>   | \$ --        | \$ --        | \$ --      |
| <b>Non-cash transactions</b>                                       |              |              |            |
| Issuance of shares for sales, general and administrative services  | \$ 425,200   | \$ --        | \$ --      |
| Write-off of investment  | 210,000      | --           | --         |
| Accounts payable and accrued liabilities                           | 316,572      | 104,000      | --         |
| Due to officers and directors                                      | --           | (104,000)    | --         |
| Convertible debt   | --           | 650,000      | 616,000    |
| Issuance of capital stock for debt                                 | --           | (650,000)    | (616,000)  |
| Investment in 908651 Alberta Ltd.                                  | --           | --           | 210,000    |
| Shares issued for equipment  | --           | --           | 7,300      |
| Share issuance for Digital Micro Distribution Canada Incorporated  | --           | --           | 67,000     |

{See accompanying notes.}

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INNOFONE.COM, INCORPORATED  
Notes to the Financial Statements

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(Stated in United States Dollars)  
June 30, 2004

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## 1. NATURE OF OPERATION

The Company was incorporated in Nevada on December 19, 1995 and is in the process of attempting to raise capital for future operations

## 2. BASIS OF PRESENTATION

### Going Concern Issue

These financial statements have been prepared on a going concern basis and do not include any adjustments to the measurement and classification of the recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The company has experienced several continuous years of operating losses. The Company's ability to realize its assets and discharge its liabilities in the normal course of business is dependent upon continued support. The Company is also dependent on an infusion of equity from potential shareholders. The Company is currently attempting to obtain additional financing from its existing shareholders and other strategic investors to continue its operations. However, there can be no assurance that the Company will obtain sufficient additional funds from these sources.

The conditions cause substantial doubt about the Company's ability to continue as a going concern. A failure to continue, as a going concern would require that stated amounts of assets and liabilities be reflected on a liquidation basis that could differ from the going concern basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in conformity with accounting principles generally accepted in the United States of America and include the following significant accounting policies:

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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INNOFONE.COM, INCORPORATED  
Notes to Financial Statements  
(Stated in United States Dollars)  
June 30, 2004

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## 3. SIGNIFICANT ACCOUNT POLICIES (continued)

### Income Taxes

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Income taxes are accounted for under the asset and liability method. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date.

### Financial Instruments

Financial instruments included in the balance sheet are accounts payable. Their carrying values approximate fair market value.

#### 4. CAPITAL STOCK

The number of outstanding shares of the Company as at June 30, 2004 is computed as follows:

|   | Common        |
|---|---------------|
| -----   |               |
| 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       |
| 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       |
| Shares issuance on exchange for consulting fees | 7,060,000     |
| -----   |               |
| Outstanding shares as at June 30, 2004          | 7,361,484     |
| =====   |               |

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INNOFONE.COM, INCORPORATED  
 Notes to Financial Statements  
 (Stated in United States Dollars)  
 June 30, 2004

#### 4. CAPITAL STOCK (continued)

The Company's authorized capital stock consists of 950,000,000 shares of



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common stock and 25,000,000 shares of preferred stock each with a par value of \$0.001 per share. There are no outstanding preferred shares at year end.

A restatement of preferred shares and common shares have been adjusted to the opening balances for June 30, 2001.

5. BASIC NET LOSS PER SHARE

Basic net loss per share figures are calculated using the weighted average number of common shares outstanding computed on a daily basis. The effect of the conversion of the preferred shares on an if-converted basis and stock options has an anti-dilutive effect.

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PART III

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

All references to the Company's Forms 8-K, 10-K, 10-QSB and 10-KSB include reference to File No. 0-31949

(a) Exhibits

| Exhibit No. | Document   |
|-------------|--|
| 23.1        | Consents of Experts and Counsel*   |
| 31.1        | Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer and Principal Financial Officer* |
| 32.1        | Section 1350 Certification *   |

\* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized on the 24th day of January 2006.

INNOFONE.COM, INCORPORATED

By: /s/ Alex Lightman  
-----  
Alex Lightman, Chief Executive Officer, President and Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended,

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this amended report has been signed by the following persons in the capacities and on the dates indicated.

| Signature  | Title  | Date                      |
|--|--|---------------------------|
| -----<br>/s/ Alex Lightman<br>-----<br>Alex Lightman   | -----<br>Chief Executive Officer,<br>President,<br>Principal Financial Officer and<br>Director | -----<br>January 24, 2006 |
| -----<br>/s/ Peter Maddocks<br>-----<br>Peter Maddocks | -----<br>Director  | -----<br>January 24, 2006 |