

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

INTERNET BUSINESS INTERNATIONAL INC
Form 10QSB
November 14, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 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: 0-20259

SEAMLESS WI-FI, INC. f/k/a ALPHA WIRELESS BROADBAND, INC

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation of organization)

33-0845463

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

800 No. Rainbow Blvd. Parkway, Suite 200 Las Vegas, Nevada 89109

(Address of principal executive offices)

(775) 588-2387

(Issuer's telephone number)

3753 Howard Hughes Parkway, Suite 200 Las Vegas, Nevada 89109

(Former name, former address and former fiscal year, if changed since last report)

Check mark whether the issuer (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) been subject to such filing requirements for the past 90 days. Yes No .

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of September 30, 2005, the Issuer had 90,659,597 shares of common stock issued and outstanding.

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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

TABLE OF CONTENTS

PART I - CONDENSED CONSOLIDATED FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2005.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

ITEM 3. CONTROLS AND PROCEDURES

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

ITEM 2. CHANGES IN SECURITIES

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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

ITEM 5. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

SIGNATURES

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The consolidated financial statements of Seamless Wi-Fi, Inc. f/k/a Alpha Wireless Broadband, Inc. and subsidiaries (collectively, the "Company"), included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, these

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

financial statements should be read in conjunction with the financial statements and notes thereto included in the audited financial statements of the Company as included in the Company's Form 10-KSB for the year ended June 30, 2005.

3

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC
CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets	September 30, 2005
<hr style="border-top: 1px dashed black;"/>	
Current Assets:	
<hr style="border-top: 1px dashed black;"/>	
Cash	\$ 200,744
Total current assets	<hr style="border-top: 1px dashed black;"/> 200,744
Property and equipment, net (note 2)	-
Proprietary Software (note 2)	1,500,570
Investments (note 2)	278,780
Other Receivable (note 3)	1,282,693
Restricted Cash (note 13)	75,000
Security Deposit	6,600
	<hr style="border-top: 1px dashed black;"/>
TOTAL ASSETS	\$ 3,344,387 =====
Liabilities and Stockholders' (Deficit)	
Current Liabilities:	
<hr style="border-top: 1px dashed black;"/>	
Accounts payable	\$ 867,356
Payroll taxes	678,877
Judgments payable	1,211,700
Other current liabilities (note 6)	737,798
Payable to officer	52,882
Note payable related party	60,268
Note Payable (note 4)	66,833
	<hr style="border-top: 1px dashed black;"/>
Total current liabilities	3,675,714 <hr style="border-top: 1px dashed black;"/>
TOTAL LIABILITIES	3,675,714
Commitment and Contingencies	
Minority Interest	222,822
Stockholders' (deficit): (note 8)	
<hr style="border-top: 1px dashed black;"/>	
Preferred A Stock, par value \$.001	
Authorized 5,000,000 Issued 970,244	970

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Preferred B Stock, par value \$.001		
Authorized 3,000,000 Issued 0		
Preferred C Stock, par value \$1.00		
Authorized 2,000,000 Issued 700,000		700,000
Common stock, par value \$.001		
Authorized 20,000,000,000 Issued 90,659,597		90,659
Additional Paid in Capital		16,377,954
Accumulated deficit		(17,723,732)

Total Stockholders' (Deficit)	\$	(554,149)

TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$	3,344,387
		=====

The accompanying notes are an integral part of these financial statements

4

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	3 Months Ended	
	September 30, 2005	September 30, 2004
	-----	-----
Revenues	\$ 6,408	\$ 0
Cost and expenses:		
Cost of revenues	\$ 33,323	\$ 0
Selling, general and admin.	\$ 1,084,066	\$ 313,657
Consulting	\$ 540,658	\$ 276,468
Interest Expense	\$ 108,707	\$ 377,863
Legal Fees	\$ 37,534	\$ 24,960
Officer Payroll	\$ 179,900	\$ 60,000
Investment	\$ -	\$ 110,000
Depreciation and amortization	\$ -	\$ 25,137
	-----	-----
Total costs and expenses	\$ 1,984,188	\$ 1,213,222
	-----	-----
Net income (loss) from operations	\$ (1,977,780)	\$ (1,213,222)
Other income	\$ 37,176	\$ 620
	-----	-----
Income (loss) before income taxes	\$ (1,940,604)	\$ (1,212,602)
Income taxes (benefit)	\$ 0	\$ 0
	-----	-----
Net income (loss) before minority interest	\$ (1,940,604)	\$ (1,212,602)
	-----	-----

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Minority Interest		33,527	-
Net income (loss)	\$	(1,907,077)	\$ (1,212,602)
Net income (loss) per common share		(.03)	(1.43)
Weighted average number of common shares outstanding		57,564,270	850,469

The accompanying notes are an integral part of these financial statements

5

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended	
	September 30, 2005	September 30, 2004
	-----	-----
Cash Flows From Operating Activities		
Net income (loss)	(\$1,907,077)	(\$1,212,602)
Adjustments to reconcile net income (loss) To net cash used by operating activities:		
Depreciation and amortization	-	25,137
Issuance of stock for services	494,000	874,420
Changes in operating assets and liabilities:		
Accounts payable	71,770	50,283
Payroll Taxes Payable	16,607	-
Judgments payable	37,312	10,876
Other Receivable	(1,198,388)	-
Other current liabilities	(656,144)	41,037
Payable to officer	(50,400)	51,315
Note Payable Related Party	-	(6,000)
Net cash used in operating activities	(\$3,192,320)	(\$165,526)
Cash Flows From Investing Activity		
Investment	(143,500)	(7,530)
Purchase of intangible assets	(120,000)	(4,506)
Net cash used in investing activities	(\$263,500)	(\$12,036)
Cash Flows From Financing Activities		
Conversion and sale of stock	3,661,294	-
Payment Related Party Note	(5,000)	-
Net issuance of long-term debt	-	173,367

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Net cash provided by financing activities	\$	3,656,294	\$	173,367
Net increase (decrease) in cash		200,474		(4,195)
Cash, beginning of period		270		5,469
		-----		-----
Cash, end of period	\$	200,744	\$	1,274
		-----		-----

The accompanying notes are an integral part of these financial statements

6

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC.
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS
(Unaudited)

Supplemental Cash Flow Disclosure	September 30 2005	June 30 2005
-----	-----	-----
Interest Paid	\$ 0	\$ 0
Taxes Paid	\$ 0	\$ 0
Supplemental Disclosures of Cash Flow Information		

Non-cash investing and financing activities:		
Common stock issued for services	\$ 494,000	\$ 1,766,021
Common stock issued for officer's compensation	\$ 0	\$ 375,957
Common stock issued for conversion of preferred stock and pay operating expenses	\$ 0	\$ 600,000
Common stock issued for acquisition of assets	\$ 0	\$ 1,066,000
Common stock issued for investment	\$ 0	\$ 110,000
Subsidiary common stock issued for investment	\$ 0	\$ 250,000

The accompanying notes are an integral part of these financial statements

7

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Summary of Significant Accounting Policies

Description of Business and Change in Control

Prior to December 31, 1997, Seamless Wi-Fi, Inc formerly known as Alpha Wireless Broadband, Inc. "the Company" was in the food product manufacturing business and formerly known as International Food and Beverage, Inc. In November 1998, new stockholders bought majority control from the previous Chief Executive Officer through a private transaction. Immediately thereafter, the former CEO resigned and the new stockholders assumed the executive management positions. In December 1998, after new management was in place, a decision was made to change the Company's principal line of business from manufacturing to high technology. The Company changed its name from International Food & Beverage, Inc. to Internet Business's International, Inc., and reincorporated the Company on December 8, 1998 in the state of Nevada. During April of 1999, the Company announced the opening of its first e-commerce site and engaged in the development, operation and marketing of a number of commercial web sites. The Company's subsidiaries consisted of: Lending on Line (providing real estate loans and equipment leasing), Internet Service Provider (providing national Internet access dial-up service, wireless high speed Internet, and Internet web design and hosting), E. Commerce (providing Auction sites), and Direct Marketing (providing direct marketing of long distance phone service, computers with Internet access, and Internet web design hosting). The Company ceased operations during the fiscal year ended June 30, 2003. During the fiscal year ended June 2004 changed its name to Alpha Wireless Broadband, Inc, and started a new wireless operation through it's wholly owned subsidiary Skyy-Fi, Inc a Nevada Corporation. Skyy-Fi began providing access to the Internet, by installing equipment in locations such as hotels and coffee shops for use by their patrons. These locations are commonly known as Wi-Fi Hotspots

The Company, through its wholly owned subsidiary Seamless Skyy-Fi, Inc., has 30 Wi-Fi locations installed. Seamless Skyy-Fi, Inc has installed wireless Internet access equipment at businesses allowing their patron's access to the Internet for a fee.

In January 2005, the Company acquired the assets of Seamless P2P, LLC and contributed these assets to its 80% owned subsidiary Seamless Peer 2 Peer, Inc., which is a developer and provider of a patent pending software program Phenom

Encryption Software that encrypts Wi-Fi transmissions based upon RSA's

government certified 256 bit AES encryption coupled with RSA's Public Key

Infrastructure flexible telecom data and voice transport solutions.

In May 2005 the Company changed its name to Seamless Wi-Fi, Inc and changed Skyy-Fi, Inc., to Seamless Skyy-Fi, Inc.

The Company has three offices in Nevada and excluding Officers and Directors uses the services of 10 independent contractors.

Principles of Consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiary. The minority interest represents outstanding voting stock of the subsidiary not owned by the Company. All significant intercompany accounts and transactions have been eliminated in consolidation.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowances for doubtful accounts and notes and mortgage loans receivable. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents.

8

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful life of the assets, which is generally three to five years for computers and computer related equipment and five to seven years for furniture and other non-computer equipment. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease, ranging from one to five years.

Investments

Investments are stated at the lower of cost or market value.

Proprietary Software in Development

In accordance with SFAS No. 86, accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed Software ("FAS 86"), the Company has capitalized certain computer software development costs upon the establishment of technological feasibility. Technological feasibility is considered to have occurred upon completion of a detailed program design which has been confirmed by documenting and tracing the detail program design is not pursued, upon completion of a working model that has been confirmed by testing to be consistent with the product design. Amortization is provided based on the greater of the ratios that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product, The estimated useful life for the straight-line method is determined to be 2 to 5 years.

These unamortized computer software and computer software development costs were \$1,150,570 at September 30, 2005. The amounts charged to expense for the amortization of these capitalized software costs and for amounts written down to net realizable were zero. There were no research and developments costs incurred for the development of computer software in 2005 and 2004.

Intangible Assets

Intangible assets consist primarily of acquired customer bases, long-term marketing agreements, goodwill, and other items. Customer bases acquired directly are valued at cost, which approximates fair value at the time of purchase. When material intangible assets, such as customer bases and goodwill are acquired in conjunction with the purchase of a company, the Company undertakes a study by an independent third party to determine the allocation of

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

the total purchase price to the various assets acquired and the liabilities assumed. The costs assigned to intangible assets are being amortized on a straight-line basis over the estimated useful lives of the assets, which is normally 36 months. Goodwill and other intangible assets are periodically reviewed for impairment to ensure they are appropriately valued. Conditions that may indicate an impairment issue exists include an economic downturn, changes in the churn rate of subscribers or a change in the assessment of future operation. In the event that a condition is identified that may indicate an impairment issue exists, an assessment is performed using a variety of methodologies, including cash flow analysis, estimates of sales proceeds and independent appraisals. During this fiscal year ended June 2005, the Company charged off \$450,625 of intangible assets.

Revenue Recognition

For current Company operations, providing wireless Internet access, fees are charged either to the proprietor of the WI-Fi hotspot location or the customer using the services. The fees paid by a proprietor for services provided on a month-to-month basis are billed at the end of each month for which the service is contracted. The fees paid by customers using the wireless Internet access are paid at the time service is provided.

Advertising Expense

All advertising costs are expensed when incurred.

Concentration of Credit Risk

The Company is subject to credit risk through trade receivables. Monthly Internet access fees and web hosting are generally billed to the customer's credit card, thus reducing the credit risk. The Company routinely assesses the financial strength of significant customers and this assessment, combined with the large number and geographic diversity of its customers, limits the Company's concentration of risk with respect to trade accounts receivable.

9

Income Taxes

The Company accounts for income taxes under the asset and liability approach of reporting for income taxes. Deferred taxes are recorded based upon the tax impact of items affecting financial reporting and tax filings in different periods. A valuation allowance is provided against net deferred tax assets where the Company determines realization is not currently judged to be more likely than not. The Company, its subsidiaries, and its 80% owned subsidiary file a consolidated federal income tax return. Although income tax returns have not been filed since 1999, the Company has no material tax liability due to its losses during these periods. The Company is currently having these income tax returns prepared.

Earnings (Loss) per Share ("EPS")

Basic EPS is computed by dividing income (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental shares issuable upon conversion of preferred stock outstanding.

Reverse Stock Split

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

The Company's Board of Directors effected a 1 for 1,000 reverse stock split of its common stock \$.001 par value on June 3, 2005. Accordingly all shares information included in the consolidated financial statements has been adjusted to reflect the reverse stock split. The reverse stock split did not change the ratio for the conversion of the preferred stock which remained at 1 share of Series A preferred stock converts into 10,000 of common stock.

Interim Financial Information

The unaudited balance sheet, the unaudited statements of income and cash flows have been prepared in accordance with United States generally accepted accounting principles for interim financial information. In our opinion, all adjustments (consisting solely of normal recurring accruals) considered necessary for a fair presentation of the financial position, results of operations and cash flows as of September 30, 2005, and 2004, have been included. Readers of these financial statements should note that the interim results for the three month periods ended September 30, 2005, and September 30, 2004, are not necessarily indicative of the results that may be expected for the fiscal year as a whole.

Note 2. Certain Financial Statement Information

	September 30, 2005
Investment:	
Stock of PMCC/GNVN	\$ 107,692
Stock of DCM Enterprises	88
Stock of Global Debit Cash	143,500
Stock of Save the World	27,500
Total Long Term Investments	\$ 278,780
Property and equipment:	
Office furniture and equipment	\$ 146,683
Machinery and computer equipment	12,809
Less: accumulated depreciation	(159,492)
Property and equipment, net	\$ 0
Intangible assets:	
Proprietary Software	1,500,570
Less: accumulated amortization	0
Intangible assets, net	\$ 1,500,570

Note 3. Other Receivables

During 2005 the company advanced \$143,500 to Global Debit Cash Card ("GBCD"). GBCD is a publicly traded company and the President of the Company is also an officer and director of GBCD. GBCD has agreed to issue to the Company shares of its restricted common stock as payment for this debit.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Note 4. Note Payable

Note payable to Windsor Professional Plaza LLC. During the quarter September 30, 2005 the note payable to Windsor Professional Plaza LLC. was paid in full. The note was secured by series A convertible preferred stock, (See Note 7-Preferred Stock.). This note was in default which per legal counsel, allowed the note holder to convert the preferred stock to common stock. The proceeds from the converted stock paid off the note.

Note 5. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the company as a going concern. The Company has experienced significant losses, as of the first quarter ended September 30, 2005 for fiscal year ended June 30, 2006. The current assets are less than current liabilities by \$554,149 and the Company incurred a net loss of \$1,907,077.

The future success of the Company is dependent on its ability to obtain additional capital to develop its proposed products and ultimately, upon its ability to attain future profitable operations. The Company had one funding source Windsor Professional Plaza LLC which has been paid off in full. The funding line has been reassigned to Mercatus until a new funding entity can be obtained.

Management believes that unless an alternative funding source can be obtained the Company will not be able maintain its current operating level for the next twelve months.

Note 6 . Other Current Liabilities

Other current liabilities consist of the following:

Credit Cards payable	309,598	(1)
Payable to Integrated Communications	187,396	(2)
Various liabilities assumed from Alpha Tooling acquisition	240,804	

	\$ 737,798	

(1) Payments in varying amounts are due monthly with interest at 18% per annum.

(2) Results from contract cancellation.

Note 7. Related Party Transactions

During the first quarter ended September 30, 2005 of fiscal year ended June 30, 2006 Windsor Professional Plaza LLC converted 6,575 shares of Series A preferred stock into 65,750,000 shares of Common stock.

During the fiscal year ended June 30, 2005 David Karst on behalf of Windsor Professional Plaza LLC, converted 252,753 shares of preferred stock (100,000 shares of which were converted to pay the Company's operating expenses).

During the fiscal year ended June 30, 2004 the Company entered into several transactions with David Karst, a shareholder, and several companies he owns as follows:

David Karst on behalf of Windsor Professional Plaza LLC controlled 1,029,231 shares of convertible preferred stock. The stock is convertible into 10,292,310,000 shares of common stock which would give David Karst control of the Company if all the shares were converted.

During May and June 2004 54,626 shares of preferred stock were converted into

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

546,260,000 common shares and used to pay expenses of the Company.

During 2005 and 2004, the Company cancelled 35,196 and 71,966 shares of Class A Preferred Stock respectively.

11

As of June 30, 2005 the Company had borrowed a total of \$623,422 from Windsor Professional Plaza, LLC - See Note 4.

The Company appointed KFG LLC as the Trustee for the Creditor Trust - See Note 13.

The Company appointed Financial Services LLC as the Creditor Trust - Trust Protector - See Note 13.

Subsequent to June 30, 2004, Skyy-Fi entered into a factoring and Security Agreement with 1st American Factoring a/k/a Blue Bear Funding, a sister Company of Financial Services LLC.

The Company has entered into various transactions with entities affiliated with its President as follows:

The President of the Company is also the CEO and Director of DCM Enterprises, Inc. See Note 11 for details of the various transactions between the Company and DCM Enterprises.

The President of the Company is an officer of Global Debit Cash Card, Inc. ("GBCD"). The Company during 2004 acquired marketing rights from GBCD for cash and stock consideration valued at \$515,000. The balance of the Marketing rights were written off in the third quarter of fiscal 2005.

During 2004 the Company issued 13,000 common shares to children of its president for consulting services rendered.

Note 8. Stockholders' Equity

Issuance of Common Stock and Preferred Stock

The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in the Articles of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or either action by the stockholders, except as otherwise required by law. The Board of Directors, from time to time also may authorize by resolution, options, warrants and other rights convertible into Common or Preferred stock (collectively "securities"). The securities must be issued for such consideration, including cash, property, or services, as the Board of Directors may deem appropriate, subject to the requirement that the value of such consideration be less than the par value of the shares issued. Any shares issued for which the consideration so fixed paid or delivered shall be fully paid stock and the holder of such shares shall not be liable for any further call of assessment or any other payment thereon, provided that the actual value of such consideration is not less than par value of the shares so issued. The Board of Directors may issue shares Common Stock in the form of a distribution or distributions pursuant to a stock dividend or split-up of the shares of the Common Stock only to ten holders of

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

the outstanding shares of the Common Stock.

Authorized Shares

During November 2004 the board of directors amended the articles of incorporation to increase the authorized to 20,000,000,000 shares (par value of \$.001) of which 19,990,000,000 are common shares and 10,000,000 are preferred. There are three classes of preferred stock which are as follows; Class A Preferred of 5,000,000 shares of which one (1) share of preferred converts to 10,000 shares of common stock, Class B Preferred of 3,000,000 shares of which (1) share of preferred converts to 1,000 shares of common stock, and Class C Preferred of 2,000,000 shares. As of this date the Company has not updated its articles of incorporation with the state of Nevada, which shows only 11,000,000,000 shares authorized.

The company plans to amend the previous resolution decreasing the authorized to 10,000,000 shares so no amendment to the Articles of Incorporation will have to be filed with the state of Nevada.

On September 30, 2004 the Company amended its Certificate of Incorporation and authorized 2,000,000 shares of Class C Preferred stock, \$1.00 par value, convertible, with a stated value of \$1.00 per share for conversion purposes. The Class C Preferred stock is convertible at the option of the holder into common shares of the Company at the end of 12 months from the date of its issuance based upon the ten day average trading price of the common stock just prior to the end of the 12 month holding period. Therefore One Dollar (\$1.00) of Preferred Stock (which is one share of Class C Preferred) will be converted

12

into \$1.00 worth of common stock. For example if the price per share of the common stock on the date of conversion is \$.10 per share the holder of the Preferred stock will receive 10 shares of common stock for every shares of Class C Preferred stock that is converted into common.

Stock Issuance

During the first quarter ended September 30, 2005 of fiscal year ended June 30, -----
2006;

140,000 shares of common stock were issued for advertising and expensed at \$6,622.

300,000 shares of common stock were issued for marketing and expensed at \$14,190.

Windsor Professional Plaza LLC converted 6,575 shares of preferred Series A stock into 65,750,000 shares of common stock of which 10,000,000 shares of common stock were issued for consulting and expensed at \$473,000.

During fiscal year ended June 30, 2005 the following stock was issued. (All -----
shares issued by the Company for services through the third quarter and most of the fourth quarter of fiscal year ended June 30, 2005, were issued at below par value):

14,160,000 shares of common stock were issued for services when 1,460 shares of

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

preferred stock were converted to common.

300,000 shares of common stock, valued at \$.001 each were issued as partial payment for the acquisition of the assets of Seamless P2P, LLC (the balance was issued in Class C Preferred Stock, see "Preferred Stock")

3,368,734 shares of common stock were issued for officer salaries and for services.

Windsor converted 100,000 shares of preferred Series A stock to 1,000,000 of common shares, of which 900,000 of the common shares were issued for Company services.

2,224,718 shares of common stock were issued for officer's salary and for services.

\$300,000 worth of shares of common stock were issued to Windsor Professional Plaza LLC as payment for \$300,000 worth of debt.

220,000 shares of common stock were issued to acquire 22,000 common shares of Save the World valued at \$5.00 per share.

874,430 shares of common stock were issued for services.

During fiscal year ended June 30, 2004, the following stock was issued:

495,000 shares of common stock were issued for payment in full on a note owed by the Company for past due wages.

540,000 shares of common stock were issued per the conversion of preferred Series A stock into common, pursuant to the agreement with Windsor Professional Plaza, LLC.

136,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

162,650 shares of restricted common stock were issued to Global Debit Cash Card pursuant to the Territory Marketing Agreement, as amended, in exchange for the limited exclusive marketing rights to sell the debit cards in the states of Colorado and Utah for a period of ten (10) years.

170,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

280,000 shares of restricted common stock were issued to repurchase 280,000 common shares of DCM.

54,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

registration statement

The Company complies with the provisions of Emerging Issues Task Force Issue No. 96-18, Accounting for Equity Instruments Issued to Other Than Employees for Acquiring, or in Conjunction with, Selling Goods or Services ("EITF 96-18"), with respect to stock issuances to such non-employees, whereby the value of the services was determined as a reliable measurement of fair value.

Preferred Stock

During the first quarter ended September 30, 2005 of fiscal year ended June 30, -----
2006, Windsor Professional Plaza LLC converted 6,575 shares Series A Preferred -----
stock into 65,750,000 shares of Common stock.

During the fiscal year ended June 30, 2005, David Karst on behalf of Windsor -----
Professional Plaza LLC converted 252,753 shares of preferred Series A stock of
which 100,000 shares were converted to pay the Company's operating expenses
leaving a balance of 644,625 preferred Series A shares held as collateral.

On March 8, 2005 the Board of Directors authorized the issuance of 562,500
shares of its unregistered restricted common stock to the Reda Family Trust for
\$75,000.00. On April 1, 2005 this was changed to 56,250 shares of Class A
preferred stock for \$75,000. This issuance was intended to be exempt from
registration under Section 4 (2) and/or Regulation D of the Securities Act of
1933.

The Company issued 700,000 shares of Class C Preferred Shares convertible into
\$1.00 of Common Stock after 12 months, as partial payment for the assets of
Seamless P 2 P, LLC. The acquired assets were then transferred to a subsidiary
of the Company, Seamless Peer 2 Peer, Inc., a Nevada Corporation. The Company
also issued 55,784 shares of Class A Preferred Shares in order to reduce the
debit "Note payable to related party" this debit is still on the books as
required by the Accountant until the stock is cleared and the debit is paid in
full.

The Company cancelled 35,186 preferred Series A shares held by Windsor in order
to reduce preferred Series A stock outstanding because once converted, they
would have amounted to common shares of Stock in excess of those authorized.
Windsor Professional converted 117,453 shares of preferred Series A stock.

During the fiscal year ended June 30, 2004, In May 2004 Mercatus, with the -----
consent of the Company, assigned 1,029,231 preferred Series A shares to Windsor
Professional Plaza, LLC as collateral for the Company's funding line of credit.

Note 9. Segment Information

In accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and
Related Information," management has determined that there were three reportable
segments based on the customers served by each segment: Full service internet
service provider (ISP). Such determination was based on the level at which
executive management reviews the results of operations in order to make
decisions regarding performance assessment and resource allocation. Even though
all operations ceased before the previous year end of June 30, 2003 there were
ongoing expenses related to the closing of the respective operations.

The Company is currently a start up business that is concentrating on providing
"Wireless Internet" access at business locations. The Company was a full service
Internet service provider that served customers requiring Internet access in the

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

western United States through dial-up, and high-speed wireless; web hosting and web design (which ceased operations as of June 30, 2003).

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in the reconciliation of operating income reported below. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1).

14

Information on reportable segments is as follows:

	FOR FIRST QUARTER ENDED SEPTEMBER 30, OF FISCAL YEAR ENDED	
	June 30, 2006	June 30, 2005
Wi-Fi ISP NET SALES	\$ 6,406	\$ 0
COST OF WI-FI SALES	(33,323)	0
SOFTWARE NET SALES	0	0
COST OF SOFTWARE SALES	0	0
COST AND EXPENSES	(1,977,780)	(1,213,222)
OTHER NET INCOME	37,176	620
NET LOSS	\$ (1,940,604)	\$ (1,212,602)
MINORITY INTEREST	33,527	0
NET LOSS	\$ (1,907,077)	\$ (1,212,602)

Note 10. Other Events

a. Company Acquisition

In January 2005 the Company acquired the proprietary software asset of Seamless P 2 P, LLC for \$1,000,000 worth of Company stock as follows: 700,000 shares of Class C Preferred Shares convertible into \$1.00 of Common Stock after 12 months and 300,000 shares of Common stock valued at \$.001 each and a 20% interest in the new subsidiary of the Company "Seamless Peer 2 Peer, Inc" a Nevada Corporation. These assets were transferred to the new subsidiary of the Company Seamless Peer 2 Peer, Inc.

b. Marketing Agreement

As filed in an 8K dated April 27, 2005; The Company is writing off its \$450,625 investment in the "Territory Marketing Agreement" that the Company acquired from Global Debit Cash Card, Inc. Global was unable to establish a viable private label debit card program that was the primary part of the agreement and the reason that the Company entered into to the agreement to sell debit cards. See agreement synopsis below:

"The USA Territory Marketing Representative Agreement previously entered into between the Company and Global Debit Cash Card, Inc. was amended on March 15, 2004, to reflect the receipt of 156,391 shares of common stock as payment in full in exchange for the limited exclusive right to market and sell debit cards in the states of Colorado and Utah for a period of 10 years."

Note 11. Legal Proceedings

Globalist v. Internet Business's International, Inc. et al

In July 2003 Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company appealed the Court's decision and the award amount. In February 2005 the Company reached a tentative settlement with Globalist which required the payment of \$75,000 by March 2005, subject to Court approval. On March 8, 2005 the Company put \$75,000 in its lawyer escrow account to satisfy the settlement. This cash is classified as restricted cash on its balance sheet. The Company is still waiting for Court approval regarding the final settlement, at which time the funds will be paid as per agreement. However Globalist is contesting the settlement agreement and further court action is contemplated.

Community Bank of Nevada v Internet Business's International, Inc. et al

On December 20, 2000, the Community Bank of Nevada filed a lawsuit in District Court, Clark County against Internet Business's International. Inc., seeking the return of equipment. The Company was not aware of the lawsuit and a default judgment was entered against the Company in the amount of \$134,052. The Company's attorney is currently in negotiations to settle this matter. The amount of the judgment is included in judgments payable.

Management of the Company believes that due to its current financial condition, any unfavorable outcome in the above matters will have a materially adverse effect on the financial condition, results of operations and cash flows of the Company.

15

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS.

The following discussion and analysis of the Company's financial condition and results of operations should be read with the consolidated financial statements and related notes included elsewhere in this Report.

When the words used in this Report, such as; "expects," "anticipates," "believes," "plans," "will" and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include, but are not limited to statements; as to statements regarding our critical accounting policies, adequacy of cash, expectations regarding net losses and cash flow, statements regarding growth and profitability, need for future financing, dependence on personnel, operating expenses, ability to respond to rapid technological change and statements regarding the issuance of common stock to the Company's executive officers. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those discussed below, as well as risks related to our ability to develop and timely introduce products that address market demand, the impact of alternative technological advances and competitive products, market fluctuations, the Company's ability to obtain future financing, and the risks set forth below under "Factors That May Affect the Company's Results." These forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Seamless Wi-Fi, Inc. ("Company") is currently a start up business that is currently operating two subsidiaries as follows: Its web site is www.slfw.net .

Seamless Skyy-Fi, Inc., that is providing "Wireless Internet" access at business locations. This service is referred to as Wireless Fidelity or Wi-Fi, for short. Wi-Fi also refers to wireless equipment that meets published 802.11(x) standards. Wi-Fi equipment operates in 2.4 and 5.8 GHz which are unlicensed frequencies. There are many wireless Internet systems available but they all have universal compatibility. The Wi-Fi POP is commonly referred to as a "Wi-Fi Hotspot". Wireless Internet refers to radio frequencies that may either be licensed (which is above 5.8 GHz "gigahertz") and or unlicensed frequency (which is between 2.4 to 5.8 GHz). Its web site is www.skyyfi.com .

Seamless Peer 2 Peer, Inc., which is a developer and provider of a software program 'Phenom' that encrypts Wi-Fi transmissions based upon RSA's government certified 256 bit AES encryption coupled with RSA's Public Key Infrastructure flexible telecom data and voice transport solutions. Its web site is www.seamlessp2p.net .

(A) PLAN OF OPERATION

The Company has three offices in Nevada and not including Officers and Directors; has 10 independent contractor employees

The Company is currently a start up operation. As of this date the Company has 34 Wi-Fi locations for its Seamless Skyy-Fi, Inc., Wi-Fi subsidiary, and has installed two of its Phenom Software Encryption Program at six locations and 4 additional beta test agreements for the software to be deployed for its Seamless Peer 2 Peer, Inc., software developer subsidiary.

(B) MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

With the Company starting up a business it is important to note that the following discussion and analysis of the Company's financial condition and results of operations should be read with the consolidated financial statements and related notes included elsewhere in this Report.

The selected financial data for the First Quarter of Fiscal years ended June 30, 2006, 2005, are derived from the financial statements of the Company and should be read in conjunction with the audited financial statements included in the June 30, 2006 and 2005 10K/SB. These are restated based upon the change in revenue recognition. See Note 2 of the footnotes to the financial statements titled "Change in Revenue Recognition". The change only impacted the stated "Revenues" and not the "Net income".

Results of Operations

In accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," management had determined that there were three reportable segments, (all of which have ceased operations in the fourth quarter for fiscal year ended June 2003), based on the customers served by each segment: Full service internet service provider (ISP), which ceased operation during the fiscal year ended June 2003. The current wireless internet service business-to-consumer ("B2C") provider primarily consisted of direct marketing of

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

the Companies services and products. Such determination was based on the level at which executive management reviews the results of operations in order to make decisions regarding performance assessment and resource allocation.

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in the reconciliation of operating income reported below. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (Note 1).

Analysis of Financial Condition

Revenues; for the three months ended September 30, 2005 were \$ 6,408 as compared with \$0 for the corresponding period in 2004, an increase of \$ 6,408.

Selling, general and administrative expenses; for the three months ended September 30, 2005 was \$1,984,188 as compared to \$1,213,222 for the same period in 2004, a increase of \$770,966 or approximately 164 %.

The continued high cost of the selling, general and administrative expenses reflect the impact of stock that was preferred stock that was converted common stock after the company defaulted on its loans to Windsor. The loans proceeds were used to compensate needed services by various professionals. Thus far, during 2005 the quarter ended September 31, 2005 the Company received an additional \$200,743 from its funding line these funds will be used to maintain growth and cover expenses during this quarter. The company plans to continue to pursue revenue growth and expects to utilize additional private placements or other equity financing during the remainder of 2005.

Other Income; is either extraordinary income from payment in full on debt for a reduced amount (with the difference represented as income) and from the sale of fully or partially depreciated equipment where the income from the sale is greater than the amount depreciated. Since there are no expectations that furthers sales will occur and that the revenues from previous operations are dissimilar therefore there will be no comparison of the quarters.

Net Loss; for the three months ended September 30, 2005 was \$1,907,077 as compared to \$1,212,602 for the same period in 2004 an increase of \$694,475 or approximately 157%.

Management believes these results are a direct reflection of continued higher expenses due to the continued expansion of the business and new acquisition and its related expenses. These expenses are not expected to remain high however sales for both the Wi-Fi and software programs will continue to increase which should result in a decrease in the net operating loss.

FOR FIRST QUARTER ENDED SEPTEMBER 30, OF FISCAL YEAR ENDED June 30, 2006 June 30, 2005

Wi-Fi ISP NET SALES	\$ 6,406	\$ 0
COST OF WI-FI SALES	(33,323)	0
SOFTWARE NET SALES	0	0
COST OF SOFTWARE SALES	0	0
COST AND EXPENSES	(1,977,780)	(1,213,222)
OTHER NET INCOME	37,176	620
NET LOSS	\$ (1,940,604)	\$ (1,212,602)
MINORITY INTEREST	33,527	0
NET LOSS	\$ (1,907,077)	\$ (1,212,602)

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

The following discussion should be read in conjunction with the financial statements of the Company and notes thereto contained elsewhere in this report.

17

Information on reportable segments is as follows:

(1) WISP: The resultant loss from operations for the Wi-Fi ISP segment for first quarter for fiscal year ended June 30, 2006 of \$26,917 are expected to continue because these expenses are related to the startup of this operation.

(2) Software: The resultant loss from the Software encryption program segment for first quarter for fiscal year ended June 30, 2006 are expected to continue because these expenses are related to the startup of this operation.

Liquidity and Capital Resources

Net cash used in operating activities at the end of the first quarter of fiscal year ended June 30, 2006, decreased to (\$3,192,320) due to the use of stock for services which is an increase compared to the results for the same period ended 2004 of (\$165,526). The Company is seeking alternative sources of capital so the Company can expand its new Internet operations of establishing wireless Internet locations commonly referred to as Wi-Fi hotspots and to allow the deployment of its Phenom Software program. Prior to end of the previous fiscal year end of June 30, 2005 the Company was being funded by two sources; Windsor Professional Plaza LLC and Blue Bear Funding, both Companies have ceased their funding of the Company and the Company is currently seeking alternative sources to fund Companies current operations.

Capital Expenditures

The Company funded Global Debit Cash Card \$143,500 during the first quarter of fiscal year ended June 30, 2005.

Acquisitions

In January 2005 the Company acquired the assets of Seamless P2P LLC for 700,000 shares of Preferred Class "C" Shares and 300,000,000 shares of the Company's Common stock valued at \$1,000,000 and 20% interest in the new subsidiary of the Company "Seamless Peer 2 Peer, Inc" a Nevada Corporation. These assets were transferred to the new subsidiary of the Company Seamless Peer 2 Peer, Inc.

In August 2003 the Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc. common stock, as per an agreement with DCM Enterprises, Inc. The Company then transferred Alpha Tooling, Inc. to DCM Enterprises, Inc. for credit towards the debit it had with DCM Enterprises, Inc. After October 1, 2003 the transaction was changed by agreement to an Asset Assignment. The Company assigned certain assets of Alpha Tooling for credit of \$311,639 which reduced the debt owed to DCM Enterprises, Inc. from \$760,000 to \$448,361. The Company retained the Alpha Tooling Corporation which had assets of \$42,050 (which were not assigned to DCM Enterprises, Inc.), and debt of \$351,306.

In April 2005 GLCD reversed its stock 1,000 shares of GLCD for 1 of GBCD (the new stock symbol) GBCD recently traded at \$1.01 per share in low volume.

In December 2003 GLCD acquired the assets of DCM for 60,000,000 common shares of GLCD which included reduction of the note owed by the Company to \$515,000, which was transferred as an asset to GLCD. GLCD is traded over the counter (OTC) on the Pink Sheets LLC quotation service under the symbol "GLCD".

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

In September 2003 the Company, through its wholly owned subsidiary Global Debit Cash Card, Inc., a Nevada Corporation ("GLCD") agreed to purchase from DCM the Colorado and Utah territories for marketing the CARDS as per the USA Territory Marketing Representative Agreement. Pursuant to the terms of the agreement GLCD will operate as the Territory Marketing Representative ("TMR") in Colorado and Utah and license resellers of the CARDS. The Licensed Activated Resellers ("LAR") will be licensed through GLCD, the TMR.

Critical Accounting Policies

The Securities and Exchange Commission issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies," or FRR 60, suggesting that companies provide additional disclosure and commentary on their most critical accounting policies. The most critical accounting policies are the ones that are most important to the portrayal of a company's financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The Company believes that of the significant accounting policies used in the preparation of the consolidated financial statements (see Note B to the Financial Statements); the following are critical accounting policies, which may involve a higher degree of judgment, complexity and estimates. The methods, estimates and judgments The Company uses in applying these most critical accounting policies have a significant impact on the results reported in the Company's financial statements.

18

Off Balance sheet

The Company has not entered into any off balance sheet arrangements that have, or are reasonably likely to have a current or future effect on the company's financial condition, changes in financial condition, revenues or expenses, result of operations, liquidity, capital expenditure, or capital resources which would be considered material to investors.

Use of Estimates

The preparation of the consolidated financial statements are in conformity with United States generally accepted accounting principles which require us 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 period. Actual results could differ from those estimates.

Stock-Based Compensation Arrangements

The Company issues shares of common stock to various individuals and entities for certain management, legal, consulting and marketing services. These issuances are valued at the fair market value of the service provided and the number of shares issued is determined, based upon the closing price of our common stock on the date of each respective transaction. These transactions are reflected as a component of general and administrative expenses in the accompanying statement of operations.

Inflation

The moderate rate of inflation over the past few years has had an insignificant impact on the Company's sales and results of operations during the period.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Net Operating Loss Carry forwards

For the fiscal year ended June 30, 2005, the Company had net operating loss carry forwards for federal and state purposes of approximately \$5,117,636 and \$3,070,582 respectively. These carry forwards begin to expire in 2016 and 2006 respectively.

Forward Looking Statements

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, including statements regarding, among other items, the Company's business strategies, continued growth in the Company's markets, projections, and anticipated trends in the Company's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward-looking statements are based largely on the Company's expectations and are subject to a number of risks and uncertainties, certain of which are beyond the Company's control. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among others, the following: reduced or lack of increase in demand for the Company's products, competitive pricing pressures, changes in the market price of ingredients used in the Company's products and the level of expenses incurred in the Company's operations. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. The Company disclaims any intent or obligation to update "forward looking statements."

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, or the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Treasurer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will

19

succeed in achieving our stated goals under all potential future conditions. The evaluation revealed certain weaknesses in disclosure controls and procedures. Based on their evaluation as of a date within 90 days prior to the filing date of this Quarterly Report, our Chief Executive Officer and Treasurer have concluded that, subject to the limitations noted above, and except for the weaknesses noted above, our disclosure controls and procedures were effective to

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

ensure that material information relating to us, including our consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this Quarterly Report was being prepared.

(b) Changes in internal controls. We plan to institute greater controls by adding additional staff to allow for greater third person review and verification of all transactions thereby enhancing the accuracy of all records. We are also looking to implement many of the new requirements required under the Sarbanes-Oxley Act of 2002 during the coming year. However, we believe that there were are no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Globalist v. Internet Business's International, Inc. et al

In July 2003 Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company appealed the court's decision and the award amount. In February 2005 the Company reached a tentative settlement with Globalist which required the payment of \$75,000 by March 2005 subject to court approval. Pursuant to the payment of the settlement amount of \$75,000 on March 8, 2005, the Board of Directors issued 562,500,000 shares of its unregistered restricted common stock to the Reda Family Trust for \$75,000.00. This issuance was intended to be exempt from registration under section 4(2) and/or Regulation D of the Securities Act of 1933. On April 1 2005 the 562,500,000 shares of its unregistered common stock which were not issued on March 8, 2005 was changed to the issuance 56,250 shares of Class A Preferred Shares. The Company is still waiting for Court approval regarding the final settlement at which time the funds will be paid as per agreement.

Ronald Friedman, Robert Friedman, the Ronald Friedman 1997 Grantor Retained

Annuity Trust v. Internet Business's International, Inc. et al and Internet

Business's International. Inc. v Ronald Friedman 1997 Grantor Retained Annuity

Trust

In April 2001 Ronald Friedman and the Ronald Friedman 1997 Grantor Retained Annuity Trust sued the Company for, among other things, breach of contract, in the United States District Court, Southern District of New York. The case was transferred to the United States District Court, Central District of California, Southern Division, to be consolidated with Internet Business's International. Inc. v Ronald Friedman 1997 Grantor Retained Annuity Trust. At that time the Company filed a cross-complaint against the Trust for rescission and the return of \$1,006,857. This case has been dismissed by the judge.

Community Bank of Nevada v Internet Business's International, Inc. et al

On December 20, 2000, the Community Bank of Nevada filed a lawsuit in District Court, Clark County against Internet Business's International. Inc., seeking the return of equipment. The Company was not aware of the lawsuit and a default judgment was entered against the Company in the amount of \$134,052. The

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Company's attorney is currently in negotiations to settle this matter.

Management of the Company believes that due to its current financial condition, any unfavorable outcome in the above matters will have a materially adverse effect on the financial condition, results of operations and cash flows of the Company.

20

ITEM 2. CHANGES IN SECURITIES

Issuance of Common Stock and Preferred Stock

The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in the Articles of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or either action by the stockholders, except as otherwise required by law. The Board of Directors, from time to time also may authorize by resolution, options, warrants and other rights convertible into Common or Preferred stock (collectively "securities"). The securities must be issued for such consideration, including cash, property, or services, as the Board of Directors may deem appropriate, subject to the requirement that the value of such consideration be less than the par value if the shares issued. Any shares issued for which the consideration so fixed paid or delivered shall be fully paid stock and the holder of such shares shall not be liable for any further call of assessment or any other payment thereon, provided that the actual value of such consideration is not less than the par value of the shares so issued. The Board of Directors may issue shares Common Stock in the form of a distribution or distributions pursuant to a stock dividend or split-up of the shares of the Common Stock only to ten holders of the outstanding shares of the Common Stock.

All shares issued by the Company for services through the period ended March 31, 2005, were issued at below par value.

Authorized Shares

During November 2004 the board of directors amended the articles of incorporation to increase the authorized to 20,000,000,000 shares (par value of \$.001) of which 19,990,000,000 are common shares and 10,000,000 are preferred. There are three classes of preferred stock which are as follows; Class A Preferred of 5,000,000 shares of which one (1) share of preferred converts to 10,000 shares of common stock, Class B Preferred of 3,000,000 shares of which (1) share of preferred converts to 1,000 shares of common stock, and Class C Preferred of 2,000,000 shares. As of this date the Company has not updated its articles of incorporation with the state of Nevada, which shows only 11,000,000,000 shares authorized.

The company plans to amend the previous resolution decreasing the authorized to 10,000,000 shares so no amendment to the Articles of Incorporation will have to be filed with the state of Nevada.

On September 30, 2004 the Company amended its Certificate of Incorporation and authorized 5,000,000 shares of Class C Preferred stock, \$0.001 par value, convertible, with a stated value of \$1.00 per share for conversion purposes.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

The Class C Preferred stock is convertible at the option of the holder into common shares of the Company at the end of 12 months from the date of its issuance into based upon the ten day average trading price of the common stock just prior to the end of the 12 month holding period. Therefore One Dollar (\$1.00) of Preferred Stock (which is one share of Class C Preferred) will be converted into \$1.00 worth of common stock. For example if the price per share of the common stock on the date of conversion is \$.10 per share the holder of the Preferred stock will receive 10 shares of common stock for every shares of Class C Preferred stock that is converted into common.

During April 2003 the board of directors amended the articles of incorporation to increase the authorized to 10,000,000,000 shares of which 9,990,000,000 are common shares and 10,000,000 are preferred. The shares were initially increased in April 2003 to 2,000,000, and the balance was issued in April 2004.

Stock Issuance

During the first quarter ended September 30, 2005 of fiscal year ended June 30, -----
2006;

140,000 shares of common stock were issued for advertising and expensed at \$6,622.

300,000 shares of common stock were issued for marketing and expensed at \$14,190.

Windsor Professional Plaza LLC converted 6,575 shares of preferred Series A stock into 65,750,000 shares of common stock of which 10,000,000 shares of common stock were issued for consulting and expensed at \$473,000.

21

During fiscal year ended June 30, 2005 the following stock was issued. (All -----
shares issued by the Company for services through the third quarter and most of the fourth quarter of fiscal year ended June 30, 2005, were issued at below par value):

14,160,000 shares of common stock were issued for services when 1,460 shares of preferred stock were converted to common.

300,000 shares of common stock, valued at \$.001 each were issued as partial payment for the acquisition of the assets of Seamless P2P, LLC (the balance was issued in Class C Preferred Stock, see "Preferred Stock")

3,368,734 shares of common stock were issued for officer salaries and for services.

Windsor converted 100,000 shares of preferred Series A stock to 1,000,000 of common shares, of which 900,000 of the common shares were issued for Company services.

2,224,718 shares of common stock were issued for officer's salary and for services.

\$300,000 worth of shares of common stock were issued to Windsor Professional Plaza LLC as payment for \$300,000 worth of debt.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

220,000 shares of common stock were issued to acquire 22,000 common shares of Save the World valued at \$5.00 per share.

874,430 shares of common stock were issued for services.

During fiscal year ended June 30, 2004, the following stock was issued:

495,000 shares of common stock were issued for payment in full on a note owed by the Company for past due wages.

540,000 shares of common stock were issued per the conversion of preferred Series A stock into common, pursuant to the agreement with Windsor Professional Plaza, LLC.

136,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

162,650 shares of restricted common stock were issued to Global Debit Cash Card pursuant to the Territory Marketing Agreement, as amended, in exchange for the limited exclusive marketing rights to sell the debit cards in the states of Colorado and Utah for a period of ten (10) years.

170,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

280,000 shares of restricted common stock were issued to repurchase 280,000 common shares of DCM.

54,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

The Company complies with the provisions of Emerging Issues Task Force Issue No. 96-18, Accounting for Equity Instruments Issued to Other Than Employees for Acquiring, or in Conjunction with, Selling Goods or Services ("EITF 96-18"), with respect to stock issuances to such non-employees, whereby the value of the services was determined as a reliable measurement of fair value.

22

Preferred Stock

During the first quarter ended September 30, 2005 of fiscal year ended June 30, -----
2006, Windsor Professional Plaza LLC converted 6,575 shares Series A Preferred -----
stock into 65,750,000 shares of Common stock.

During the fiscal year ended June 30, 2005, David Karst on behalf of Windsor -----
Professional Plaza LLC converted 252,753 shares of preferred Series A stock of

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

which 100,000 shares were converted to pay the Company's operating expenses leaving a balance of 644,625 preferred Series A shares held as collateral.

On March 8, 2005 the Board of Directors authorized the issuance of 562,500 shares of its unregistered restricted common stock to the Reda Family Trust for \$75,000.00. On April 1, 2005 this was changed to 56,250 shares of Class A preferred stock for \$75,000. This issuance was intended to be exempt from registration under Section 4 (2) and/or Regulation D of the Securities Act of 1933.

The Company issued 700,000 shares of Class C Preferred Shares convertible into \$1.00 of Common Stock after 12 months, as partial payment for the assets of Seamless P 2 P, LLC. The acquired assets were then transferred to a subsidiary of the Company, Seamless Peer 2 Peer, Inc., a Nevada Corporation. The Company also issued 55,784 shares of Class A Preferred Shares in order to reduce the debit "Note payable to related party" this debit is still on the books as required by the Accountant until the stock is cleared and the debit is paid in full.

The Company cancelled 35,186 preferred Series A shares held by Windsor in order to reduce preferred Series A stock outstanding because once converted, they would have amounted to common shares of Stock in excess of those authorized. Windsor Professional converted 117,453 shares of preferred Series A stock.

During the fiscal year ended June 30, 2004, In May 2004 Mercatus, with the

consent of the Company, assigned 1,029,231 preferred Series A shares to Windsor Professional Plaza, LLC as collateral for the Company's funding line of credit.

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

Exhibits included or incorporated by reference herein are set forth in the Exhibit Index following the signatures.

(B) REPORTS ON FORM 8-K

None

SIGNATURES

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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC.

Date: November 9, 2005
/s/ Albert R. Reda

Albert R. Reda
Chief Executive Officer, Secretary

EXHIBIT INDEX

Number	Description

31	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification Pursuant to 18 U.S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).