

INNOFONE COM INC  
Form 10QSB  
February 14, 2007

FORM 10-QSB

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SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

(Mark One)

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

For the quarterly period ended December 31, 2006

OR

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

For the transition period

from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-31949

INNOFONE.COM, INCORPORATED

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(Exact name of registrant as specified in its charter)

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 office)

90401

(Zip Code)

(310) 458-3233

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) Yes  No

The number of shares outstanding of each of Issuer's classes of common equity as of January 29, 2007

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Common Stock at Par Value \$0.001

Title of Class

74,651,328

Number of Shares

Transitional Small Business Disclosure format (check one): Yes  No

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INNOFONE.COM, INCORPORATED  
CONSOLIDATED BALANCE SHEET  
AS OF DECEMBER 31, 2006  
(UNAUDITED)

ASSETS

Current assets		
Cash	\$	374,363
Accounts receivable		219,272
Prepaid expenses and other assets		295,001
Total current assets		888,636
Fixed assets, net		
Investment in U.S. Treasury Bonds - restricted		73,767
Unamortized debt discount and finance cost		49,987,390
Deposits for pending acquisitions		448,493
Goodwill		80,000
Other assets		1,611,260
Total assets	\$	70,832
		53,160,378

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued liabilities	\$	2,075,436
Deferred revenue		173,994
Due to related party		700,000
Notes payable - short term		4,045,000
Total current liabilities		6,994,430
Long-term liabilities		
Liability on equity swap agreement		13,825,132
Total liabilities		20,819,562
Minority interest		(17,406)
Stockholders' equity		
Preferred stock; \$0.01 par value; 4,815,000 shares authorized, issued and outstanding		48,150
Common stock; \$0.001 par value; 950,000,000 shares authorized, 74,651,328 issued and outstanding		74,651
Additional paid-in capital		70,743,369
Unamortized investment and loan fees paid with common stock and warrants		(3,805,017)
Stock payable for 72,000 shares of common stock		48,960

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Related party stock payable for 800,000 shares of common stock		544,000
Other comprehensive income		(11,181)
Accumulated deficit		(35,284,710)
Total stockholders' equity		32,358,222
Total liabilities and stockholders' equity	\$	53,160,378

See Accompanying Notes to Consolidated Financial Statements

INNOFONE.COM, INCORPORATED  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2006 AND 2005  
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
Revenues	\$ 77,512	\$ 354,670	\$ 104,059	\$ 404,690
Cost of revenues	11,816	76,044	36,609	76,958
Gross profit	65,696	278,626	67,450	327,732
Operating expenses				
Selling, general and administrative	1,672,611	938,609	2,945,459	1,528,916
Total operating expenses	1,672,611	938,609	2,945,459	1,528,916
Income (loss) from operations	(1,606,915)	(659,983)	(2,878,009)	(1,201,184)
Other income (expense)				
Interest income	4,523	9,574	6,744	11,848
Interest expense and finance cost	(997,419)	(246,618)	(3,228,094)	(297,676)
Unrealized loss on equity swap agreement	(1,232,648)	--	(10,355,909)	--
Other income (expense)	(939)	(11,128)	10,326	(11,128)