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INNOFONE COM INC  
Form 10QSB  
November 12, 2004

FORM 10-QSB

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 September 30, 2004

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, INC.

-----  
(Exact name of registrant as specified in its charter)

Nevada

98-0202313

-----  
(State or other jurisdiction of incorporation or organization)

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

3470 Olney-Laytonsville Rd., Suite 118, Olney, MD

20832

-----  
(Address of principal executive office)

-----  
(Zip Code)

(301) 774-8294

-----  
(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

The number of shares outstanding of each of Issuer's classes of common equity as of September 30, 2004.

Common Stock at Par Value \$0.001

7,361,484

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Title of Class

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Number of Shares



(Stated in United States dollars)

I N N O F O N E . C O M ,  
I N C O R P O R A T E D

For the quarter ended September 30, 2004  
(Unaudited)

INNOFONE.COM, INCORPORATED

(Stated in United States dollars)

September 30, 2004 with comparative figures as at September 30, 2003 and June 30, 2004

	September 30, 2004		September 30, 2003	
	(unaudited)			
<b>Assets</b>				
-----				
Current assets:	\$	0	\$	0
				\$
				0
Investment in 908651 Alberta Ltd.		0		210,000
	\$	0	\$	210,000
				\$
-----				
<b>Liabilities and Shareholders' Deficiency</b>				
-----				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$	0	\$	316,572
				\$
				316,572
<b>Shareholders' deficiency:</b>				
Share capital (note 2):				
Common shares		4,879,010		4,874,010
Additional paid-in capital		8,998,252		8,550,112
		13,877,262		13,424,122
Deficit		(13,877,262)		(13,530,694)

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	0	(106,572)
Future operations (note 1(a))		
Subsequent event (note 5)		
	\$ 0	\$ 210,000

See accompanying notes to financial statements.

INNOFONE.COM, INCORPORATED

(Stated in United States dollars)

For the three months ended September 30, 2004 with comparative figures for the three months ended September 30, 2003

	September 30, 2004	Three months ended September 30, 2003
		(unaudited)
Sales	\$ -	\$ -
Cost of sales	-	-
Gross profit	-	-
Selling, general and administrative expenses		2,690
		2,690
Net income (loss)	-	(2,690)

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Basic net loss per share	\$	nil	\$	nil
=====				
Weighted average number of common shares outstanding		7,361,484		1,891,484
=====				

See accompanying notes to financial statements.

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INNOFONE.COM, INCORPORATED

Statements of Shareholders' Deficiency and Comprehensive Loss  
(Stated in United States dollars)

Three months ended September 30, 2004 with comparative figures for the period  
ended September 30, 2003

	Common Shares	Additional Paid-In Capital	Deficit	
-----				
BALANCE, June 30, 2001	\$ 4,773,965	\$ 7,098,052	\$ (13,654,877)	\$ (
Stock options exercised	475	(427)	-	
Convertible notes converted to stock	520	415,480	-	
Issuance of stock for Digital Micro				

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Distribution Canada Inc.	67,000	-	-
Issuance of stock for equipment	146	7,154	-
Convertible notes converted to stock	666	199,334	-
Net earnings	-	-	335,940
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BALANCE, June 30, 2002	4,842,772	7,719,593	(13,318,937)
Convertible note converted to stock	2,300	647,700	-
Issuance of shares for legal services	500	1,887	-
Issuance of shares for consulting services	26,378	180,932	-
Net loss	-	-	(209,697)
-----			
BALANCE, June 30, 2003	4,871,950	8,550,112	(13,528,634)
Issuance of shares for consulting services	7,060	448,140	-
Net loss	-	-	(348,628)
-----			
BALANCE, June 30, 2004	\$ 4,879,010	\$ 8,998,252	\$ (13,877,262) \$
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Balance, September 30, 2004	\$ 4,879,010	\$ 8,998,252	\$ (13,877,262) \$
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See accompanying notes to financial statements.

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For the quarter ended September 30, 2004 with comparative figures for the quarter then ended September 30, 2003

	September 30, 2004	September 30, 2003
	(unaudited)	(unaudited)
Cash flows provided by (used in):		
Operations:		
Net earnings (loss)	\$ -	\$ (2,690)
Change in non-cash operating working capital		
Prepaid expenses and deposits	-	0
Accounts payable and accrued liabilities	-	0
		-----
		(2,690)
Financing:		
Issuance of capital stock	-	2,690
		-----
		2,690
Investments:		
Investment in 908651 Alberta Ltd.	-	-
Capital assets	-	-
		-----
		-
Effect of exchange rate changes on cash	-	-
		-----
Increase (decrease) in cash and cash equivalents	nil	nil
Cash and cash equivalents, beginning of period	nil	nil
		-----
Cash and cash equivalents, end of period	\$ nil	\$ nil

See accompanying notes to financial statements



INNOFONE.COM, INCORPORATED  
Notes to the Financial Statements  
September 30, 2004

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

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

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

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

3. CAPITAL STOCK

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

	Common	Preferred
Outstanding Shares as at June 30, 2000	20,750,000	2,500,000
Shares issued in exchange for legal fees	1,403,333	-
Options exercised in exchange for marketing costs	30,000	-
Options exercised	430,000	-
Promissory notes converted to common stock	3,851,500	-
Common stock subscribed	1,000,004	-
Preferred stock to be converted to common stock	3,750,000	(1,250,000)
Outstanding Shares as at June 30, 2001	31,214,837	1,250,000
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	1,250,000
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	1,250,000
Share issuance for consulting fees	2,690,028	-

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Outstanding shares as at September 30, 2003	2,991,512	1,250,000
Share issuance for consulting fees	4,369,972	
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Outstanding shares as at September 30, 2004	7,361,484	1,250,000
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Management's Discussion and Analysis  
For the Quarter ended September 30, 2004

Forward-Looking Statements  
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The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and Notes thereto for the year ended June 30, 2002 filed with the SEC on October 15, 2002. This quarterly report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Words such as "may," "plans," "expects," "anticipates," "approximates," "believes," "estimates," "intends," "hopes," "potential," or "continue", and variations of such words and similar expressions, are intended to identify such forward-looking statements. The Company intends such forward-looking statements, all of which are qualified by this statement, to be covered by the safe harbor provisions for forward-looking statements contained in the Private Litigation Securities Reform Act of 1995, and is including this statement for purposes of complying with these safe harbor provisions. The Company has based these statements on its current expectations and projections about future events. These forward-looking statements are not guarantees of future performance, and are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Forward-looking statements include, but are not limited to:

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

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

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The Company currently does not have sufficient funds with which to sustain its operations. The company plans to issue restricted 144 stock to try and raise operating capital for the company. There is no assurance that this can be done. There is little chance that the company will receive a dividend from the bankruptcy of its previously owned subsidiary, Innofone Canada.

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

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

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

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

The Company currently has a going concern issue, as there are insufficient assets or prospective cash flows to fund its liabilities. While the Company is hopeful that it can raise money through the sale of stock, there are no assurances that this can be achieved, it cannot be determined if the company will be able to meet its current or future obligations.

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

- (b) Results of Operations

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

The company has paid off old debt holders with stock pursuant to the terms of a 2001 agreement. The current officers and directors are covering all expenses of the company via short-term loans and advances which have been and will continue to be paid off in stock until the company has the cash flow to cover these expenses. These services include the preparation of company filings, the search of acquisition targets and legal expenses.

Liquidity and Capital Resources

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As previously mentioned, the company has a going concern issue, as there are insufficient assets or prospective cash flows to fund its liabilities. The effect of this on the company is grave and the future of the company is in great peril.

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PART II- OTHER INFORMATION.  
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Item 1. Legal Proceedings.  
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There are currently no legal proceedings against the company at this time.

Item 2. Change in Securities.  
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No change in securities for the period.

Item 3. Defaults Upon Senior Securities.  
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There was no material default in payments of any Senior Securities it has all been paid in full with stock.

Item 4. Submission of Matters to a Vote of Security Holders.  
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There were no matters requiring a vote of security holders during this period.

Item 5. Other Information.  
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None.

SIGNATURES

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

INNOFONE.COM, INC.

Date: November 3, 2004

By: /s/ Frederic Richardson

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Frederic Richardson, President

