

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

SEAMLESS WI-FI, INC.
Form 10QSB
February 20, 2007

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

FORM 10-QSB

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

For the quarterly period ended December 31, 2006

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

Commission File Number: 000-20259

SEAMLESS WI-FI, INC.

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

Nevada

(State or other jurisdiction of
incorporation or organization)

33-0845463

(IRS Employer
Identification No.)

800 N. Rainbow Blvd., Ste. 200, Las Vegas, NV 89109

(Address of principal executive offices)

(775) 588-2387

(Issuer's telephone number)

N/A

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

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

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

As of February 19, 2007, the number of shares of Common Stock issued and outstanding was 2,322,402,154

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

1

DOCUMENTS TO BE INCORPORATED BY REFERENCE

The following reports as filed by Seamless Wi-Fi, Inc. or its predecessors are

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

incorporated by reference herein: (i) Form 8-K/A filed on November 22, 1999; and (ii) Form 10-Q filed on December 1, 1999 Form 10-Q filed May 22, 2000.

INDEX

	Page Number -----
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	3
Balance Sheet - December 31, 2006	3
Statements of Operations - For the three and six months ended December 31, 2006 and 2005	4
Statements of Cash Flow - For the six months ended December 31, 2006 and 2005	5
Notes to Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3. Controls and Procedures	20
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	21
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3. Defaults Upon Senior Securities	21
Item 4. Submission of Matters to a Vote of Security Holders	21
Item 5. Other Information	21
Item 6. Exhibits	22

SIGNATURES

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

December 31, 2006

ASSETS

Current assets

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Cash	\$ 182,136
Notes receivable-related parties, current portion	502,036
Accrued interest receivable	144,114

Total current assets	828,286
Property and equipment (net of accumulated depreciation \$28,218)	67,033
Technology	1,207,071
Notes receivable - related parties (net of allowance \$287,675)	1,354,948
Prepaid legal	5,000
Employee Advance	932
Restricted cash	75,000
Security deposit	6,600

TOTAL ASSETS	\$ 3,544,870
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
Current liabilities	
Accounts payable	\$ 723,353
Accrued expenses	261,959
Payroll taxes	131,050
Judgments payable	361,054
Other current liabilities	862,995
Payable to officer	9,855
Investment payable	100,000
Note payable related party	5,468
Interest payable on long term debt	143,604

Total current liabilities	2,599,338
Long term debt	3,400,000

TOTAL LIABILITIES	5,999,338
Stockholders' deficiency	
Preferred A stock, par value \$0.001, 10,000,000 shares authorized, 781,414 shares issued and outstanding	781
Preferred B stock, par value \$0.001, 10,000,000 shares authorized, 0 shares issued and outstanding	--
Preferred C stock, par value \$1.00, 5,000,000 shares authorized, 300,000 shares issued and outstanding	300,000
Common stock, par value \$0.001, 11,000,000,000 shares authorized, 2,192,202,154 shares issued and outstanding	2,192,201
Additional paid-in capital	18,314,871
Accumulated other comprehensive loss	(23,162,321)

Total stockholders' deficiency	(2,354,468)
Less: Treasury stock at cost	100,000

Adjusted stockholders' deficiency	(2,454,468)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 3,544,870

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

3

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

	Three Months Ended December 31,		Six Months December
	2006	2005	2006
	----	----	----
Revenues	\$ 10,894	\$ 3,546	\$ 21,640
Cost of revenues	20,946	1,120	60,584
	-----	-----	-----
Gross Income (Loss)	(10,052)	2,426	(38,944)
	-----	-----	-----
Expenses:			
Selling, general and admin	150,978	200,076	295,440
Software development costs	--	1,500,570	--
Technology development costs	--	--	--
Consulting	113,937	233,730	356,851
Interest	80,616	--	204,137
Legal	166,724	69,437	176,293
Officer Payroll	136,531	111,550	277,531
Finance	90,000	--	90,000
Bad Debt	41,410	--	58,410
Depreciation and amortization	7,938	1,828	15,875
	-----	-----	-----
Total Expenses	788,134	2,117,191	1,474,537
	-----	-----	-----
Net loss from operations	(798,186)	(2,114,765)	(1,513,481)
Other income (expense)			
Cancellation of indebtedness	215,283	590,253	215,283
Gain on disposal of equipment	--	3,284	--
Interest	5,506	(118,839)	33,073
Other	(6,500)	--	--
	-----	-----	-----
Loss before income taxes	(583,897)	(1,640,067)	(1,265,125)
	-----	-----	-----
Minority interest	--	322,666	--
Income taxes (benefit) (note 8)	--	--	--
	-----	-----	-----
Net Loss	(583,897)	(1,317,401)	(1,265,125)
	=====	=====	=====
Basic and Diluted loss per common shares	\$ (0.00)	\$ (0.02)	\$ (0.01)

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

	=====	=====	=====
Weighted average			
basic and diluted common shares	133,750,923	101,517,955	133,750,923
	=====	=====	=====

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 CASH FLOWS
(Unaudited)

	Six Months Ended December 31,	
	2006	2005
	----	----
Cash flows used in operating activities		
Net loss from continuing operations	\$ (1,265,125)	\$ (3,224,478)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	15,874	1,828
Issuance of common stock for services	184,050	648,775
Issuance of common stock for payment of financing costs	90,000	984,000
Write-down of capitalized software costs	--	1,500,570
Cancellation of indebtedness	(215,283)	(590,253)
Minority interest	--	(339,693)
Bad debt expense	58,410	--
Prepaid legal	(5,000)	--
Payable to officer	--	--
Changes in operating assets and liabilities		
Accrued interest receivable	(33,021)	--
Accrued expense	261,959	--
Accounts payable	(213,697)	132,420
Other current liabilities	45,374	41,985
Payroll taxes payable	(62,826)	16,927
Judgements payable	(55,237)	--
Interest payable	132,598	--
Payable to officer	(19,491)	120,000
	-----	-----
Net cash used by operating activities	(1,026,178)	(763,156)
Cash flows used in investing activities:		
Intangible assets	(559,125)	(85,000)
Equipment	--	(33,007)
Employee advance	(932)	--
Investments	88	(112,195)
Advances to related party	(802,059)	(132,099)
	-----	-----
Net cash used in investing activities	(1,362,028)	(362,301)
Cash flows from financing activities		
Net proceeds from debt issuance	--	1,452,471
Increase in long term debt	2,540,000	--
Repayment of notes payable	--	(79,500)
Repayment of investment payable	(50,000)	--
Repayment of advances from officer	--	(167,384)

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Repayment of related party advances	(14,000)	(14,265)
	-----	-----
Net cash provided by financing activities	2,476,000	1,191,322
Increase (decrease) in cash	87,794	65,865
Cash at beginning of period	94,342	270
	-----	-----
Cash at end of period	\$ 182,136	\$ 66,135
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

5

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

Cash paid for:	
Interest	\$
Taxes	\$
Noncash investing and financing activities	
Common stock issued for services	\$
Common stock issued for payment of financing costs	\$
Common stock issued for officer's compensation	\$
Common stock issued for conversion of preferred A stock and settle operating expenses	\$
Common stock issued for conversion of preferred A stock by Ayuda Funding, LLC	\$2,
Common stock issued for conversion of preferred C stock	\$
Common stock and preferred stock issued for acquisition of assets	\$
Common stock issued for investment	\$
Subsidiary common stock issued for investment	\$

SEE NOTES TO FINANCIAL STATEMENTS.

6

SEAMLESS WI-FI, INC.
F/K/A ALPHA WIRELESS BROADBAND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND OPERATIONS

The accompanying unaudited financial statements of Seamless Wi-Fi, Inc. have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and with item 310(b) of Regulation SB. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended December 31, 2006 are not necessarily indicative of the results that may be expected for the year ended June 30, 2007. These unaudited financial statements

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

should be read in conjunction with the audited financial statements and footnotes thereto included in the Company's Form 10-KSB for the year ended June 30, 2006, as filed with the Securities and Exchange Commission.

Prior to December 31, 1997, Seamless Wi-Fi, Inc ("The Company") 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 30, 2004, the Company 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 for a fee or free basis. These locations are commonly known as Wi-Fi Hotspots. The Company has 36 Wi-Fi locations.

In January 2005, the Company acquired the assets of Seamless P2P, LLC and contributed these assets to its 80% owned subsidiary Seamless Peer to 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 from Alpha Wireless Broadband, Inc. to Seamless Wi-Fi, Inc, which was approved by the Board of Directors and its subsidiary from Skyy-Fi, Inc. to Seamless Skyy-Fi, Inc.

7

In December 2005, the Company started a hosting company Alpha Internet offering Seamless clients a high-security hosting facility.

PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

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.

PROPERTY AND EQUIPMENT

Property and equipment is state 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 detailed 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.

The unamortized computer software and computer software development costs were \$1,570,000 at September 30, 2005. During the quarter ended December 31, 2005 the computer software development team failed to deliver the completed software program as per agreement. The unamortized development cost was expensed and on January 2006, a new computer software development team was contracted and the costs related to the development will be expensed until the development of the computer software program is completed. As of the first quarter ended September 30, 2006 for the fiscal year end June 30, 2007, there were no software development expenses.

8

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 and therefore recorded as revenue at that time.

ADVERTISING EXPENSE

All advertising costs are expensed when incurred.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

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.

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 and its 80% or more owned U.S. subsidiaries 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.

STOCK BASED COMPENSATION

The Company has elected to early adoption of SFAS 123R which requires all share based payments to officers, directors, and employees, including stock options to be recognized as a cost in the financial statements based on their fair values. The Company accounts for stock based grants issued to non-employees at fair value in accordance with SFAS 123 and ETIF 96-18 "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or In Conjunction with Selling, Goods, or Services".

9

REVERSE STOCK SPLIT

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 shares of common stock.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). The accounting provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The Company is currently assessing whether adoption of this Interpretation will have an impact

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

on our financial position or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this standard on its financial statements.

NOTE 2: 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 in recent years, as of the second quarter ended December 31, 2006 for fiscal year end June 30, 2007 the stockholders' deficiency is \$2,454,468 and working capital deficiency is \$1,771,052.

The Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing. The Company's ability to continue as a going concern is contingent upon its ability to secure financing and attain profitable operations. The financial statements do not include any adjustment to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

NOTE 3: LONG TERM DEBT

During the fiscal year end of June 30, 2006, the Company borrowed \$4,600,000 under three loan agreements with Ayuda Funding LLC of which 184,000 of previously issued Series A convertible preferred shares are held as collateral. An additional loan was acquired during the second quarter in the amount of \$1,400,000. These notes are in default which allows the note holder to convert the preferred stock to common stock. Proceeds from the converted stock paid off some of the notes. Interest on the unpaid principal amount is 6.5% per annum due and payable quarterly commencing June 21, August 1, August 15, 2006, and January 6, 2007 until such loan is paid in full. The total loan balance of \$3,400,000 at December 31, 2006 is due and payable on October 6, 2009 with an accrued interest of \$143,604.

10

NOTE 4: OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

Credit cards payable	\$ 364,991 (1)
Payable to Integrated Communication	221,817 (2)
Various liabilities assumed from	
Alpha Tooling acquisition	276,187

	\$ 862,995
	=====

- (1) Payments in varying amounts are due monthly with interest at 18% per annum.
- (2) Results from contract cancellation.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

NOTE 5: RELATED PARTY TRANSACTIONS

The Company has made the following loans and advances to related parties as of December 31, 2006:

		Loan/Advance Balance	Allowance for for uncollectible loans/advances	Balanc Ne
		-----	-----	-----
Accepted Sales	(A)	\$ 311,329		\$ 31
Carbon Jungle, Inc.	(B)	189,515	\$ 189,515	
DK Corp.	(C)	98,160	98,160	
DLR Funding	(D)	250,987		25
1st Global Financial Service	(E,F)	1,294,668		1,29
		-----	-----	-----
Total:		\$ 2,144,659	\$ 287,675	\$ 1,85
		=====	=====	=====

The above interest at annual rates ranges from 6% to 12%. The net balance at December 31, 2006 of the fiscal year end of June 30, 2007 in the amount of \$1,856,984 matures in the fiscal years ended June 30 as follows:

2007	\$ 400,877
2008	406,110
2009	1,049,997

	\$ 1,856,984
=====	

- (A) Accepted Sales is a division of 1st Global Financial Services noted below.
- (B) The President of the Company is a Director of the Company; the Secretary of the Company is an officer of this Company. During the subsequent six months ended December 31, 2006, the Company has lent Carbon Jungle an additional \$ 58,410.
- (C) DK Corp is a business held by David Karst. See Creditor Trust below.
- (D) The President of the Company is a stockholder and director of this Company. The Secretary of the Company is an officer and stockholder of this Company. During the subsequent six months ended December 31, 2006, the Company has lent DLR Funding an additional \$185,425 and received \$60,537.
- (E) The President of the Company is a stockholder and director of this Company. The Secretary of the Company is an officer and stockholder of this Company. A director of 1st Global is paid \$10,000 per month by the Company, which is recorded as a loan receivable by the Company. During the subsequent six months ended December 31, 2006, the Company has lent 1st Global an additional \$816,418.
- (F) The President of the Company is an officer of this Company.

11

The Company has recorded interest income on the above for the quarter ended December 31, 2006 of fiscal year end June 30, 2007 in the amount of \$ 144,114.

The Company owns 19% of the common stock of 1st Global Financial Services, Inc. (1st Global). Accepted Sales is a wholly owned subsidiary of 1st Global. Alfred Reda, our CEO, is a director of 1st Global. 1st Global are in debit/credit

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

carding processing business and are in the process of becoming a credit card processor. The will also collaborate with us to market Seamless Skyy-Fi services to its merchants. Accordingly, the Company has made advances to 1st Global until they can obtain permanent financing from other sources.

Creditor Trust

As of September 30, 2005, the Company appointed Financial Services LLC as the Trust Protector for the Creditor Trust. The Trust is currently managed by Mildred Carroll who is also the Trustee and is also the Company's Secretary. The Company's previous Creditor Trust had appointed KFG LLC as Trust Protector which was managed by David Karst as the Trustee for the Creditor Trust.

The Company established a creditor trust pursuant to the terms and conditions of the trust agreement, shares of the Company's common stock were to be transferred in trust to KFG LLC, which has accepted the appointment as trustee.

The Company's creditor trust had been established to return the maximum amount to beneficiaries and to allow the Company to continue to operate without interruption.

Following the submission of claims and validation of such claims, the trustee was to liquidate the trust property and distribute the proceeds to the trust beneficiaries in a manner the trustee deems most beneficial.

NOTE 6: STOCKHOLDER'S 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 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 of 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.

12

Preferred A shares converts as follows: 1 share of Preferred converts into 10,000 shares of common.

Preferred C shares converts as follows: one share of C which has a par value of \$1.00 converts into \$1.00 worth of common shares.

Examples:

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

1. If the common stock 10 day average prior to the date of conversion, was trading at \$.10 per share, one share of preferred C would convert into 10 shares of common.

2. If the common stock 10 day average prior to the date of conversion, was trading at \$.001 per share, one share of preferred C would convert into 1,000 shares of common.

STOCK ISSUANCE

During the second quarter ended December 31, 2006 for the fiscal year end June 30, 2007:

Ayuda Funding, LLC converted 87,500 shares of Series A Preferred Stock into 875,000,000 shares of common stock.

7,905,000 shares of common stock were issued for services and expensed for officer's compensation at \$79,050.

During the first quarter ended September 30, 2006 for the fiscal year end June 30, 2007:

Ayuda Funding, LLC converted 76,027 shares of Series A Preferred Stock into 760,270,000 shares of common stock to payback Ayuda in the amount of \$2,392,991.

Global Debit Card Ltd. converted 100 shares of Series A Preferred Stock valued at \$ 0.10 into 1,000,000 shares of common stock valued at \$1,000.

500 shares of Series A Preferred Stock were converted into 5,000,000 shares of common stock for consulting services and expensed at \$24,000.

8,100,000 shares of common stock were issued for services and expensed for officer's compensation at \$81,000.

190,000,000 shares of common stock were issued by Ayuda Funding, LLC valued at \$190,000.

NOTE 7: INCOME TAXES

No provision for income taxes has been recorded in the accompanying financial statements as a result of the Company's net operating losses. The Company has unused tax loss carry forwards of approximately \$23,000,000 to offset future taxable income. Such carry forwards expire in the years beginning 2021. The deferred tax asset recorded by the Company as a result of these tax loss carry forwards is approximately \$8,000,000 December 31, 2006. The Company has reduced the deferred tax asset resulting from its tax loss carry forwards by a valuation allowance of an equal amount as the realization of the deferred tax asset is uncertain. There is no net change in the deferred tax asset and valuation allowance from July 1, 2006 to December 31, 2006.

13

NOTE 8: COMMITMENTS AND CONTINGENCIES

LEASE

The Company, through its Alpha Tooling Inc. subsidiary has entered into lease agreements for an office space and an automobile which will expire on June 14, 2007 and October 8, 2007, respectively. The Company rents additional office space in Nevada, on a month to month basis. Rent expense under these leases for the six months ended December 31, 2006 and 2005 is \$13,200 and \$10,123,

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

respectively.

LEGAL PROCEEDINGS

The Company is a party to the following 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 our 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.

EMPLOYMENT CONTRACT

The Company has an employment contract with their Chief Executive Officer, Alfred Reda that calls for a base salary of \$240,000 for the year ended June 30, 2006 and an increase \$1,000 a month from July, 2006 until its expiration date in January, 2007. In addition, the contract includes a performance bonus based on the Company's sales levels from \$2,000,000 to \$12,000,000 in sales with a bonus ranging from 500,000 to 3,000,000 shares of common stock.

NOTE 9: SEGMENT INFORMATION

In accordance with SFAS No. 131 "Disclosure about Segments of an Enterprise and Related Information", management has determined that there are three reportable segments based on the customers served by each segment: 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.

The Company is currently a start up business that is providing "Wireless Internet" access at business locations and a developer and provider of a patent pending software. In December 2005 the Company started a hosting company Alpha Internet offering Seamless clients a high-security hosting facility (See Note 1: Organization and Operations).

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.

Information on reportable segments is as follows:

	Second quarter ended December 31,	
	2006	2005
	-----	-----
Wi-Fi ISP net sales	\$ 21,640	\$ 9,954
Cost of Wi-Fi sales	(60,584)	(34,443)
Cost and expenses	(1,474,537)	(3,955,843)
Other net income	248,356	399,661
Minority interest	--	356,193

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Net loss	----- \$ (1,265,125) =====	----- \$ (3,224,478) =====
----------	----------------------------------	----------------------------------

FORWARD-LOOKING STATEMENTS

THE FOLLOWING INFORMATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE STATEMENTS THAT ESTIMATE THE HAPPENING OF FUTURE EVENTS AND ARE NOT BASED ON HISTORICAL FACT. FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, SUCH AS "MAY," "COULD," "EXPECT," "ESTIMATE," "ANTICIPATE," "PLAN," "PREDICT," "PROBABLE," "POSSIBLE," "SHOULD," "CONTINUE," OR SIMILAR TERMS, VARIATIONS OF THOSE TERMS OR THE NEGATIVE OF THOSE TERMS. THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION HAVE BEEN COMPILED BY OUR MANAGEMENT ON THE BASIS OF ASSUMPTIONS MADE BY MANAGEMENT AND CONSIDERED BY MANAGEMENT TO BE REASONABLE. OUR FUTURE OPERATING RESULTS, HOWEVER, ARE IMPOSSIBLE TO PREDICT AND NO REPRESENTATION, GUARANTY, OR WARRANTY IS TO BE INFERRED FROM THOSE FORWARD-LOOKING STATEMENTS.

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

The following discussion and analysis should be read in conjunction with our financial statements, including the notes thereto, appearing elsewhere in this Report.

PREVIOUS OPERATIONS

International Food and Beverage was incorporated on September 1987 in Delaware. It was listed on the Over the Counter Bulletin Board in June 1988. It operated in the food services industry until late 1997, at which time it ceased operations and remained dormant until December of 1998. At that time new management was put in place, and the Company's focus was changed to the Internet and its name was changed to Internet Business's International, Inc. In September 2004 the Company changed its name once again to Alpha Wireless Broadband, Inc. Then in May 2005 the Company changed its name again to Seamless Wi-Fi, Inc.

On January 1, 1999 the newly named Company began to offer goods and services over the Internet, starting with the development of an on-line B2C (business to consumer) E-Retail site, AuctionWinner.com. The site was launched in April 1999. In July 1999, the Company expanded their service offerings by acquiring an ISP (Internet Service Provider) by the name of LA Internet. The Company changed its domicile from Delaware to Nevada in the same year.

From January 2000 until April 2003 goods and services were offered by the Company over the Internet, including a national ISP and a local WISP in Las Vegas, Nevada. These operations ceased in April of 2003.

From April 2003 until May 2004 the Company did not have an operating business.

In May 2004, the Company opened a dating web site for seniors. This was the first business venture since the Company ceased its prior operations in April 2003.

In June 2004, the Company changed focus and incorporated Skyy-Fi, Inc. a Nevada corporation, a wholly owned subsidiary, and its related web site www.skyyfy.com, which is the Company's wireless Internet Service Provider.

In July 2004 the Company established the Internet Business's International, Inc.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Creditor Trust to pay the Company's creditors. KFG, LLC accepted the appointment as trustee, and is vested with the authority to settle outstanding matters with the Company's creditors willing to accept shares of the Company's common stock for settlement pursuant to the terms and conditions of the trust agreement.

In July of 2004, which is first quarter of fiscal year of June 2005, the Company, through its wholly owned subsidiary Skyy-Fi, Inc., began the installation of 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 for the Company's subsidiary Seamless Peer 2 Peer, Inc., a developer and provider of a software program "Phenom(TM)" 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. After the acquisition, on [May 2005] the Company changed its name to Seamless Wi-Fi, Inc. and changed Skyy-Fi, Inc. to Seamless Skyy-Fi, Inc. to unify the Company and its subsidiary in its presentation as "Seamless."

Current Operations

Seamless Wi-Fi, Inc. (www.slwf.net) is based in Las Vegas, Nevada, with three operating subsidiaries: Seamless Skyy-Fi, Inc. (www.skyyfi.com), Seamless Peer 2 Peer, Inc. (www.seamlessp2p.net) and Seamless Internet, Inc. (www.seamlessinternet.com).

Seamless Skyy-Fi is forging a network of Wi-Fi Hot Spots in targeted geographic and vertical markets across the country and has achieved initial success providing hotel and retail Wi-Fi hotspots. Seamless Skyy-Fi also provides Wi-Fi users with Secure Internet Browsing (SIB) that encrypts the user's Wi-Fi signal.

Seamless Peer 2 Peer markets Phenom(TM) Virtual Internet Extranet encryption software, which provides SOX- and HIPAA-compliant secure peer mail, chat, file transfer, remote PC access, secure VoIP, video conferencing and white boarding.

Seamless Internet offers high security hosting services for Seamless Peer 2 Peer and Skyy-Fi clients and is not available for general public hosting services. Seamless Internet is also marketing the S-XGen a hand held ultra mobile personal computer and communication device as known as a "UMPC".

16

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, our selected financial information:

	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005
	----- (unaudited)	----- (unaudited)
Revenues	\$ 21,640	\$ 9,954
Cost of Revenues	60,584	34,443
	-----	-----
(Gross Loss)	(38,944)	(24,489)
	-----	-----
Expenses	1,474,537	3,955,843
	-----	-----
(Net Loss from Operations)	(1,513,481)	(3,980,332)
	-----	-----
Other Income	248,356	755,854

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

	-----	-----
(Net Loss)	(1,265,125)	(3,224,478)
	-----	-----
(Net Loss) Per Share	(0.01)	(0.04)
Weighted Average Common Shares Outstanding	133,750,923	101,517,955

SIX MONTHS ENDED DECEMBER 31, 2006 (UNAUDITED) COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2005 (UNAUDITED)

REVENUES

Revenues for the six months ended December 31, 2006 were \$21,640 compared to \$9,954 for the same period in 2005, an increase of 217 %. This increase in revenue was the result of increased revenue per location of the Skyy-Fi hot spots.

COST OF REVENUES

The cost of revenues for the six months ended December 31, 2006 was \$60,584 compared to \$34,443 for the six months ended December 31, 2005, an increase of 175 %. The Cost of Revenues will continue to increase as we bring new product and install new Wi-Fi locations to market

OPERATING EXPENSES

Operating expenses decreased by approximately 269% from \$3,980,332 for the six months ended December 31, 2005 compared to \$1,474,537 for the six months ended December 31, 2006. This decrease in operating expenses was a result of a reduction in the amount of write-offs that occurred during the previous corresponding period.

OTHER INCOME

Other income for the six months ended December 31, 2006 was \$248,356 compared to \$ 399,661 for the same period in 2005. Other income consists of primarily of debit forgiveness from the prior companies operation and due to the fact they have not been paid with the prescribed time as required by law we have to report that debt as income.

INCOME TAX

No provision for income taxes has been recorded in the accompanying financial statements as a result of the Company's net operating losses. The Company has unused tax loss carry forwards of approximately \$22,000,000 to offset future taxable income. Such carry forwards expire in the years beginning 2021.

17

NET LOSS

We experienced a net loss from operations of \$ 1,265,125 for the six months ended December 31, 2006 which is \$.01 per share on a weighted average as compared to a net loss of \$ 3,224,478 for the six months ended December 31, 2005 which is \$.04 loss per share. The decrease in the net loss is due to a decrease in the write-offs of investments and of the developmental cost for the Phenom software and a corresponding increase the number of the weighed average shares issued and outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Cash and cash equivalents totaled \$828,286 and \$66,135 at December 31, 2006 and 2005, respectively. Net cash used by operations was \$(1,026,178) for the period ended December 31, 2006 compared to net cash used by operations of \$(763,156) for the comparable period ended December 31, 2005. As a result of our continuing losses, our working capital deficiency has increased. The Company has funded our losses through an equity line of credit secured by preferred stock. The Company has defaulted on repayment of certain loan amounts advanced from the credit line and the lender took possession of the collateral. These losses will continue through the third quarter of 2007 at which time the Company should start generating revenue.

The revenue will be generated from the sales of the S-XGen, a mini computer which is produced by Seamless Internet, Inc and by the sale of Phenom software licenses. Phenom is a secure software programs developed by Seamless Peer 2 Peer, Inc.

We have a working capital deficit of \$(1,771,052) as of December 31, 2006 compared to a working capital deficit of \$(2,826,818) as of December 31, 2005. This is a decrease in the working capital deficit from the previous year and we expect these deficits to decrease as product development cost decrease and income increases from revenue generated by sales of the Companies products.

As shown in the accompanying financial statements, we have incurred an accumulated deficit of \$(23,162,321) and a working capital deficit of approximately \$(1,771,052) as of December 31, 2006. Our ability to continue as a going concern is dependent on obtaining additional capital and financing and operating at a profitable level. We intend to seek additional capital either through debt or equity offerings and to increase sales volume and operating margins to achieve profitability.

We will consider both the public and private sale of securities and/or debt instruments for expansion of our operations if such expansion would benefit our overall growth and income objectives. Should sales growth not materialize, we may look to these public and private sources of financing. There can be no assurance, however, that we can obtain sufficient capital on acceptable terms, if at all. Under such conditions, failure to obtain such capital likely would at a minimum negatively impact our ability to timely meet our business objectives.

18

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires our management to make certain 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 reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States, our actual realized results may differ from management's initial estimates as reported. A summary of our significant accounting policies appears in the notes to the financial statements which are an integral component of this report.

USE OF ESTIMATES

The preparation of the consolidated financial statements are in conformity with United States generally accepted accounting principles which require the Company 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.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

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 the Company's 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.

NET OPERATING LOSS CARRY FORWARDS

No provision for income taxes has been recorded in the accompanying financial statements as a result of the Company's net operating losses. The Company has unused tax loss carry forwards of approximately \$22,000,000 to offset future taxable income. Such carry forwards expire in the years beginning 2021.

19

The deferred tax asset recorded by the Company as a result of these tax loss carry forwards is approximately \$7,000,000 as of June 30, 2006. The Company has reduced the deferred tax asset resulting from its tax loss carry forwards by a valuation allowance of an equal amount as the realization of the deferred tax asset is uncertain. The net change in the deferred tax asset and valuation allowance from July 1, 2005 to June 30, 2006 was an increase of approximately \$2,000,000.

OFF BALANCE SHEET ARRANGEMENTS

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.

ITEM 3. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have designed such disclosure controls and procedures to ensure that material information is made known to them, particularly during the period in which this report was prepared. The Certifying Officers have evaluated the effectiveness of the Company's disclosure controls and procedures within 90 days of the date of this report and believe that the Company's disclosure controls and procedures are effective based on the required evaluation. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

20

PART II - OTHER INFORMATION

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

ITEM 1. LEGAL PROCEEDINGS

Globalist Internet Technology, Inc. v. Internet Business's International, Inc.

et al

In July 2003 Globalist [Internet Technology, Inc.insert full legal name] ("Globalist") filed an action against 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 by the Company of \$75,000 by March 2005, subject to Court approval. On March 8, 2005 the Company transferred \$75,000 to its lawyer's escrow account to satisfy the settlement. This cash is classified as restricted cash on the Company's balance sheet. The Company is still waiting for Court approval regarding the final settlement, at which time the funds will be paid pursuant to the settlement agreement. However, Globalist is contesting the settlement agreement and further court action is contemplated.

To the best knowledge of management, there are no other legal proceedings pending or threatened against the Company, its directors, officers, affiliates or any owner of record of 5% or more of the Company's voting securities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

On July 14, 2006, the Company entered into a Promissory Note and Security Agreement with 1st Global Financial Corporation for the sum of \$1.5 million dollars, accruing interest at the rate of 12% per annum. Installment payments in the amount of \$36,000 are due beginning at the earliest occurrence of (a) 90 days after the commencement of a private offering by the Company or (b) 45 days after the end of any quarter that the Company earnings after taxes and interest. The note matures on July 14, 2009. The note is secured by all the Company's assets.

On January 15, 2007, the Company entered into a Promissory Note and Revolving Line of Credit with DLR Funding, Inc for the aggregate sum of \$700,000. Commencing April 15, 2007 and on July 15, 2007 and October 15, 2007, the Company shall be obligated to make payments of interest only. Quarterly thereafter, the payment amount will be three times the monthly payment ath would be due base don a 48 month amortization. The interest rate for this line of credit is 12%. The note matures on January 14, 2007.

ITEM 6. EXHIBITS

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

The following Exhibits are filed herein:

Exhibit No. -----	Title -----
2.	Agreement and Plan of Merger(1)
3.1	Articles of Incorporation(2)
3.2	Certificate of Amendment to Articles of Incorporation(3)
3.3	Certificate of Amendment to Articles of Incorporation(4)
3.4	Certificate of Amendment to Articles of Incorporation(5)
3.5	Bylaws(6)
10.1	Promissory Note and Security Agreement with 1st Global Financial Corporation agreement dated July 14, 2006*
10.2	Promissory Note and Revolving Line of Credit with DLR Funding, Inc. dated January 15, 2007*
10.3	DLR Funding, Inc. revised agreement dated January 15, 2007*
31.1	Certification of Chief Executive Officer Pursuant to the Securities Exchange Act of 1934, Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer Pursuant to the Securities Exchange Act of 1934, Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
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.

-
- (1) Incorporated by Reference to Exhibit 2 to Form 8-K/A filed on November 22, 1999.
 - (2) Incorporated by Reference to Exhibit 3.1 to Form 10Q filed on December 1, 1999.
 - (3) Incorporated by Reference to Exhibit 3.2 to Form 10Q filed on December 1, 1999.
 - (4) Incorporated by Reference to Exhibit 3.3 to Form 10-Q filed May 22, 2000.
 - (5) Incorporated by Reference to Exhibit 3.4 to Form 10-Q filed May 22, 2000.
 - (6) Incorporated by Reference to Exhibit 3.3 to Form 10Q filed December 1, 1999.

SIGNATURES

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, duly authorized.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

DATED: February 19, 2007

SEAMLESS WI-FI, INC.

/s/ Albert Reda

By: Albert Reda
Its: Chief Executive Officer and
Chief Financial Officer
(Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)