

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

INTERNET BUSINESS INTERNATIONAL INC
Form 10QSB
November 29, 2004

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, 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: 0-20259

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.)

10120 S. Easter Avenue, #200, Henderson, Nevada 89052

(Address of principal executive offices)

(775) 588-2387

(Issuer's telephone number)

2250 East Tropicana, Suite 19-309, Las Vegas, Nevada 89119

(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, 2004, the Issuer
had 3,410,356,692 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 2004 AND JUNE 30, 2004

CONDENSED CONSOLIDATED STATEMENTS OF OPERATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

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 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 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, 2004.

3

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

ALPHA WIRELESS BROADBAND, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets	September 30, 2004	June 30
<hr/>		
Current Assets:		
Cash	\$ 1,274	\$
Total current assets	\$ 1,274	\$
Property and equipment, net	\$ 25,261	\$
Intangible assets, net	\$ 487,339	\$ 4
Investments	\$ 225,310	\$ 1
Total other assets	\$ 737,910	\$ 6
TOTAL ASSETS	\$ 739,184	\$ 6
<hr/>		
Liabilities and Stockholders' (Deficit)		
<hr/>		
Current Liabilities:		
Accounts payable	\$ 723,418	\$ 6
Accrued liabilities	\$ 397,590	\$ 4
Judgments payable	\$ 445,888	\$ 4
Other current liabilities	\$ 1,828,908	\$ 1,7
Payable to officer	\$ 221,887	\$ 1
Note payable related party	\$ 111,568	\$ 1
Note Payable	\$ 206,774	\$ 3
Total current liabilities	\$ 3,936,003	\$ 3,9
Total Liabilities	\$ 3,936,033	\$ 3,9
<hr/>		
Stockholders' (deficit)		
Preferred Stock, par value \$.001 Authorized 10,000,000 Issued 750,000 and 902,639 At September 30 and June 30, 2004 respectively	\$ 750	\$
Common stock, par value \$.001 Authorized 10,000,000,000 Issued 3,410,356,692 and 2,015,926,692 At September 30 and June 30, 2004 respectively	\$ 3,410,357	\$ 2,0
Additional Paid in Capital	\$ 6,507,724	\$ 6,6
Accumulated deficit	\$ (13,115,680)	\$ (11,9
Total Stockholders' (Deficit)	\$ (3,196,849)	\$ (3,2
<hr/>		
Total Liabilities & Stockholders Deficit	\$ 739,184	\$ 6
<hr/>		

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

The accompanying notes are an integral part of these financial statements

4

ALPHA WIRELESS BROADBAND, INC CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	3 Months Ended September 30, 2004	3 Months Ended September 30, 2003
	-----	-----
Revenues	\$ 0	\$ 0
Cost and expenses:		
Cost of revenues	\$ 0	\$ 0
Selling, general and administration	\$ 313,657	\$ 275,578
Depreciation and amortization	\$ 25,137	\$ 378,817
	-----	-----
Total costs and expenses	\$ 338,794	\$ (654,395)
	-----	-----
Net income (loss) from operations	\$ (338,794)	\$ (654,395)
Other income	\$ 620	\$ 118,405
Other (expense)	\$ (874,428)	\$ (1,449,236)
	-----	-----
Income (loss) before income taxes	\$ (1,212,602)	\$ (1,330,831)
	-----	-----
Income taxes (benefit)	\$ 0	\$ 0
Net income (loss)	\$ (1,212,602)	\$ (1,985,226)
	-----	-----
Net income (loss) per common shares	nil	nil
Weighted average number of common shares outstanding	2,228,365,608	224,940,603

The accompanying notes are an integral part of these financial statements

5

ALPHA WIRELESS BROADBAND, INC

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended September 30,	
	2004	2003
Cash Flows From Operating Activities		
Net income (loss)	(\$1,212,602)	(\$1,985,226)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	25,137	378,817
Write down of Investment		
Issuance of stock for services	874,428	134,000
Adjustment for companies acquired		
Changes in operating assets and liabilities:		
Accounts payable	54,144	403,821
Accrued liabilities	(3,861)	783,370
Judgments payable	10,876	
Other current liabilities	41,037	
Payable to officer	51,315	
Note Payable Related Party	(6,000)	
Net cash used in operating activities	(\$165,526)	(\$285,218)
Cash Flows From Investing Activity		
Investment in GLDCC	(7,530)	
Purchase of intangible assets	(4,506)	118,405
Net cash used in investing activates	(\$12,036)	\$ 118,405
Cash Flows From Financing Activates		
Net increase in credit lines	165,619	
Net issuance of long-term debt	173,367	
Net cash provided by financing activates	\$ 173,367	\$ 165,619
Net increase (decrease) in cash	(4,195)	(1,194)
Cash, beginning of quarter	5,469	1,389
Cash, end of quarter	\$ 1,274	\$ 195

The accompanying notes are an integral part of these financial statements

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

ALPHA WIRELESS BROADBAND, INC SUPPLEMENTAL DISCLOSURES OF CASH FLOWS (Unaudited)

	3 Months Ended September 30,	

	2004	2003
Interest Paid	\$ 8,500	
Taxes Paid		0
Common stock issued for services	\$874,428	
Common Stock issued for investment	\$110,000	

The accompanying notes are an integral part of these financial statements

7

ALPHA WIRELESS BROADBAND, INC 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, Alpha Wireless Broadband, Inc in September 2004 changed its name and was formerly known as Internet Business's International, 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 consist 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 fiscal year ended June 30, 2003. During the current fiscal year, the Company started a new wireless operation through its wholly owned subsidiary Skyy-Fi, Inc a Nevada Corporation, 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

After the end of the current fiscal year, the Company, through its wholly owned subsidiary Skyy-Fi, Inc., began the installation of wireless Internet access

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

equipment at businesses allowing their patron's access to the Internet for a fee. At the time of this report Skyy-Fi, Inc had 20 Wi-Fi locations installed.

During September 2004 the Company changed its name to Alpha Wireless Broadband, Inc.

The Company has one office in the US and fewer than 5 employees.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Significant inter-company balances and transactions are 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 mortgage loans receivable. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

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 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

8

for other non-computer furniture and 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.

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 the total purchase price to the various assets acquired and the liabilities assumed. The costs assigned to intangible assets are being amortized on a

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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.

Additional Paid-In Capital

Paid in Capital consists of stock issued for service, stock reverses, stock issued to retire debt and private capital placement.

In September 2004, stock was issued for services and debt reduction.

In June 2004 495,000,000 shares were issued for the note that the Company owed for prior year wages in the amount of \$316,577.

In April 2003 the par value of the Company's stock was changed from \$.01 per share to \$.001 per share. The net difference of \$704,462 was included in paid-in capital.

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.

Income Taxes

The Company accounts for income taxes under the asset and liability approach where deferred income tax assets and liabilities reflect future tax consequences, this is based on enacted tax laws, of the temporary differences between financial and tax reporting at the balance sheet date.

Earnings (Loss) per Share

Basic earnings (loss) per share is based on the weighted effects of all common shares issued and outstanding, and is calculated by dividing net income by the weighted average shares outstanding during the period. Diluted earnings (loss)

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

per share is calculated by dividing net income by the weighted average number of common shares used in the basic earnings per share calculation plus the number of common shares that would be issued assuming conversion of all potentially dilutive common shares outstanding. Dilutive earnings (loss) per share is not presented since diluted securities have an anti-dilutive effect.

Recent Accounting Pronouncements

In December 2003, the Securities and Exchange Commission released Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). SAB 104 clarifies existing guidance regarding revenue recognition. The Company's adoption of SAB 104 did not have an impact on its consolidated results of operations, financial position or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," ("Statement 150"). Statement 150 establishes standards for issuer classification and measurement of certain financial instruments with characteristics of both liabilities and equity. In accordance with this standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. This statement is effective for all financial instruments entered into or modified after May 31, 2003, with certain exceptions. The Company's adoption of Statement 150 did not have an impact on results of operations, financial position or cash flows.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," that amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This statement is effective for contracts and hedging relationships entered into or modified after June 30, 2003, with certain exceptions. The Company's adoption of SFAS No. 149 did not have an impact on financial position or results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," ("FIN 46"). FIN 46 requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. FIN 46 is effective for the first quarter of 2004. The Company does not expect its adoption of FIN 46 to have an impact on consolidated results of operations, financial position or cash flows.

In December 2002, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," an amendment of SFAS No. 123. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. This statement is effective for financial statements for fiscal years ending after December 15, 2002. SFAS No. 148 has not had any impact on the Company's financial statements as management uses the fair value of goods and services received to determine the number of shares to issue.

Note 2 Business Combinations

The Company's business combinations have been accounted for using the purchase method and, accordingly, the total purchase price of each acquired company was allocated to the tangible assets and liabilities and identifiable intangible

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

assets based on their estimated fair values as of the closing date of the acquisition. The excess purchase price over the fair value is recorded as goodwill. Results of operations for the acquired companies are included prospectively from the date of acquisition.

In December 2003 the Company acquired the assets of Debit Card Marketing Company Enterprises, Inc for 60,000,000 shares of Global Debit Cash Card, Inc. a subsidiary of the Company, which included reduction of the note owed by the Company to \$515,000 that was transferred as an asset to Global Debit Cash Card, Inc.

In August 2003 the Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc stock, as per the 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 1st 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.

10

In June 2002 the Company announced the sale of Ace Optics, a subsidiary of Guarantee Capital Group, to CRT Corporation for \$2,000,000 worth of CRT restricted stock (2,000,000 shares).

In June 2002 the Company announced plans to divest itself of the Guarantee Capital Group subsidiary, and in anticipation of that occurrence ceased operations of the on-line mortgage lending group.

In February 2002 the Company announced plans to spin-off Global Construction Buying Group to its shareholders by the year end. This transaction was never completed.

In September 2001 the Company started Guarantee Capital Group, which acquired the computer, furniture and processing equipment from the new owner of Atlas Capital Corporation for \$30,000. In November 2001 Guarantee Capital Group had exceeded the capacity of its mortgage banking line. This prevented the funding of the balance of its processed loans and resulted in most of the employees being laid off. The Company ceased the operation of Guarantee in June 2002.

In September 2001 the Company started a new marketing subsidiary 1st2 Market Incorporated and ceased operating its predecessor, Allstates Communications Inc. The new subsidiary only markets the Company's products whereas Allstates marketed cell phones for cellular phone companies.

In March 2001, the Company ceased to operate Global GPP Corporation and closed its corresponding operation in Europe. The Company started a new corporation, Global Construction Buying Group, a wholly owned subsidiary, whose main asset is the equipment acquired from Global GPP Corporation.

In October 2000, the Company signed an acquisition agreement with Auction-Sales.Com. The Company invested \$180,000 in Auction-Sales.Com and in December 2000 rescinded the acquisition due to undisclosed debts. The Company sued for the return of the funds and the case was remanded to arbitration. The Company lost the arbitration and wrote off the \$180,000 investment.

In October 2000, the Company acquired the auction website operations of the Sonic Auction Company for a purchase price of approximately \$5,000. With this

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

acquisition the Company acquired a database and a functioning web auction site. The Company issued 500,000 shares of restricted common stock to acquire Sonic Auction Company. This site ceased operations in March of 2001.

In April 2000, the Company acquired all the outstanding stock of Atlas Capital Corporation, a mortgage-banking company, for 600,000 shares of restricted common stock valued at \$6,000. In connection with the acquisition, the Company acquired assets of approximately \$3,183,000 and assumed liabilities of approximately \$3,179,000. The difference of \$260,000 was recorded as intangible assets related to acquisition of trade names, websites, and workforce-in-place and is being amortized over 5 years. In August 2001 the company sold Atlas Capital Corporation with its assets and liabilities.

In March 2000, the Company acquired the assets and assumed certain liabilities of Internet Xtreme, an Internet Service Provider based in northern California. The total purchase price was \$735,000, which consisted of \$17,635 cash and 124,589 shares of restricted common stock valued at \$186,888. In connection with the acquisition, the Company recorded intangible assets of approximately \$666,000, which consisted of approximately 4,800 customer accounts, website and workforce-in-place, which are being amortized over 5 years.

In March 2000, the Company acquired 80% of the outstanding shares of Global GPP for \$500,000. Global GPP owns a business-to-business website, equipment and has strategic agreements with IBM Hungary to market business-to-business services in Eastern Europe.

In February 2000, the Company acquired the assets and assumed certain liabilities of Direct Communications, Inc., a wireless communications company. In addition to assuming certain liabilities, the Company paid \$80,000 cash and issued 30,000 shares of restricted company stock valued at \$300. Intangible assets purchased totaled \$265,000, consisting of customer lists, website and workforce-in-place and is being amortized over 5 years. These assets and liabilities were transferred to the newly formed and wholly owned subsidiary of the Company, Allstates Communications Inc.

In December 1999 the Company entered into a service agreement to market its services on the Internet for 6,000,000 shares of common stock valued at \$60,000.

11

In November 1999, the Company acquired an E Commerce website Optical Brigade, an on-line sunglass distribution website, for 50,500 shares of restricted common stock valued at \$50,500.

In August 1999, the Company acquired the website, Net 2 Loan, an on-line loan processing website, for 400,000 shares of restricted common stock valued at \$4,000.

In July 1999 the Company acquired MBM Capital Group for \$72,000 and 112,667 shares of restricted common stock valued at \$1,127. MBM was sold during the fiscal year of acquisition for a \$150,000 note. After the sale MBM ceased operations and the Company considers the note valueless.

In June 1999, the Company acquired the assets of L.A. Internet, a southern California-based Internet Service Provider, which included customer accounts, trade name, websites, etc. for \$545,000 in exchange for a reduction of the Note Receivable from Iron Horse Holdings, Inc. (see Preferred Stock Note 6).

Note 3 Certain Financial Statement Information

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

	June 30, 2004	Sept. 30 2004
	-----	-----
Investment:		
Stock of PMCC/GNVN	\$ 107,692	\$ 107,692
Stock of DCM Enterprises	88	88
Stock of Global		7,530
Stock of Save the World		110,000
	-----	-----
Total Long Term Investments	\$ 107,780	\$ 225,310
	=====	=====
Property and equipment:		
Office furniture and equipment	\$ 146,683	\$ 146,683
Machinery and computer equipment	12,809	12,809
Less: accumulated depreciation	(122,282)	(134,231)
	-----	-----
Property and equipment, net	\$ 37,210	\$ 25,261
	=====	=====
Intangible assets:		
Web Sites	3,000	3,000
Computer Programs	3,772	8,277
Purchase of Territory Marketing Agreement	515,000	515,000
Less: accumulated amortization	(25,750)	(38,938)
	-----	-----
Intangible assets, net	\$ 496,022	\$ 487,339
	=====	=====

Note 4. Note Payable

Note payable as of September 30, 2004 consists of the following: Note payable Windsor Professional Plaza LLC.

Note Payable - Windsor Professional Plaza LLC	\$ 206,744

Total	\$ 206,744

The note payable bears interest at prime plus 4% and is due May 14, 2006. Interest is payable quarterly. The note is secured by series A convertible preferred stock. See note 7 Preferred Stock. This note is currently in default which per legal counsel allows the note holder to convert the preferred stock to common stock.

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 September 30, 2004 the current liabilities exceed current assets by \$3,934,759. As shown in the financial statements, the Company incurred a net loss of \$1,212,602 for the first quarter of fiscal year ended June 30, 2005.

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 has obtained

financing for the expansion of its current operations through Blue Bear Funding formerly 1st American Factoring, LLC, and has a funding line through Windsor Plaza Funding LLC and KFG LLC and the Company has also established a Creditor Trust to pay off debts from the previous operations.

Note 6 - Related Party Transactions

The Company entered into several transactions with David Karst, a shareholder, and several companies he owns as follows:

During July 2004 the Company established a Creditor Trust to try to work out the Company's debts. Management intends to fund the Trust with 1,500,000.000 shares of the Company's common stock during November 2004. However, the Trust is authorized to accept assets of \$1,500,000 or approximately 4,500,000,000 shares. The Trustee KFG LLC. is owned by a shareholder of the Company and is related to the long-term note holder and will receive a Trustee fee of the lesser of \$10,000 or 10% of the amount paid out by the Trust each month. Additionally, during November 2004 Financial Services LLC. was appointed as the Trust Protector. Financial Services LLC. is owned by the Trustee.

During August and September 2004, Windsor Professional Plaza LLC. (the Noteholder) converted 100,000 shares of convertible preferred stock for 1,026,390,000 shares of common stock which was then used to pay operating expenses of the company.

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

During June 2004, the Company cancelled 71,966 shares of preferred stock because they would have converted into an amount of shares in excess of those authorized.

The Company borrowed \$333,377 from Windsor Professional Plaza, LLC, during June 2004.

The Company issued \$300,000 worth of common stock to Windsor Professional Plaza LLC during the first quarter of Fiscal year ending June 30, 2005 as payment for \$300,000 worth of debt.

During the same quarter, the Company borrowed an additional \$173,367 from Windsor to pay off debts. (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, Sky 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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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. ("GDCC"). The Company during 2004 acquired marketing rights from GDCC for cash and stock consideration valued at \$515,000.

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

13

Note 7. Stockholders' Equity

Authorized Shares

On September 30, 2004 the Company amended its Certificate of Incorporation and authorized 5,000,000 shares of Series C Preferred stock, \$0.01 par value, convertible, with a stated value of \$1.00 per share for conversion purposes. The 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. The conversion ratio will be adjusted for any stock splits, dividends or distributions.

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. The Company does not have enough Authorized shares to issue in the event of the conversion of all of its preferred stock outstanding.

Stock Issuance

During first quarter of fiscal year ended June 30, 2005 the following stock was issued:

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

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

874,430,000 shares were issued for services.

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

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

546,260,000 shares of common stock were issued per the conversion of preferred stock into common, pursuant to the agreement with Windsor Professional Plaza, LLC.

136,000,000 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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

156,390,807 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.

170,000,000 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

200,000,000 shares of restricted common stock were issued to repurchase 200,000 shares of DCM.

54,000,000 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

80,000,000 shares of restricted common stock were issued as per agreement for the repurchase of 80,000 shares of DCM.

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.

Stock Issuance for Acquisitions

Refer to Note 2-Business Combinations

14

Preferred Stock

In May 2004 Mercatus, with the consent of the Company, assigned 1,029,231, preferred shares to Windsor Professional Plaza, LLC. During the first quarter of fiscal year ended June 30, 2005 the Company cancelled 35,186 shares in order to reduce preferred stock outstanding because they would have converted into an amount of common shares in excess of those authorized. Windsor Professional converted 117,453 shares of preferred stock.

Note 8 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 \$12,500,000 to offset future taxable income. Such carryforwards expire in the years beginning 2021. The deferred tax asset recorded by the Company as a result of these tax loss carryforwards is approximately \$4,000,000 and \$2,400,000 June 30, 2004 and 2003 respectively. The Company has reduced the deferred tax asset resulting from its tax loss carryforwards 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, 2003 to June 30, 2004 was an increase of approximately \$1,600,000.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Note 9 Commitments

The Company, through its Alpha Tooling Inc. subsidiary has entered into lease agreements for office space that expire through June, 2007. The Company rents additional office space in Nevada, on a month to month basis. Remaining commitments under the operating leases are as follows:

Fiscal Year Ending June 30	Amount
2005	\$38,640
2006	40,572
2007	34,734
	\$113,946

Note 10 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 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).

Information on reportable segments is as follows:

15

FIRST QUARTER OF FISCAL YEAR ENDED 2005 AND 2004

	September 30, 2004	September 30, 2003
W-Fi ISP, FULL-SERVICE ISP		
NET SALES	\$ 0	\$ 0
OPERATING INCOME	\$ (5,917)	\$ (645,395)
OTHER		
NET INCOME	\$ 620	\$ 118,405
OPERATING INCOME	\$ (1,206,685)	\$ (1,449,236)
TOTAL		
NET INCOME	\$ 0	\$ 118,405

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

OPERATING INCOME	\$	(1,212,602)	\$	(1,985,226)
------------------	----	-------------	----	-------------

Note 11 Other Events

a. Company Acquisition

In December 2003 the Company acquired the assets of Debit Card Marketing Company Enterprises, Inc for 60,000,000 shares of Global Debit Cash Card, Inc. (a subsidiary of the Company) which included reduction of the note owed by the Company to \$515,000. That debit transferred as an asset to Global Debit Cash Card, Inc.

In June 2002, DCM Enterprises, Inc. ("DCM") entered into an asset purchase agreement with the Company for the purchase of assets consisting of equipment, inventory, and proprietary information used in the sale of sunglasses (hereinafter referred to as "Ace Optics"). The purchase price consisted of 2,000,000 restricted shares of DCM's common stock valued at \$1,000,000 or \$0.50 per share. However, due to a disagreement with the Company's former officer and director, the Company was unable to take control of Ace Optics. Therefore, the transaction was rescinded. On August 22, 2003, DCM and the Company entered into an agreement to compensate DCM for the rescinded Ace Optics agreement. Pursuant to the Compensation Agreement, IBII has agreed to compensate the DCM approximately \$768,000 in either cash, stock, or in other assets mutually agreed upon since the Company has received approximately \$141,000 in equipment, \$269,000 in cash, \$150,000 in land and \$65,060 in deposit related to real property purchase. The amount owed under this agreement carries a 5% annual interest rate. The entire amount is owed and due on February 22, 2005. Albert Reda, the Company's CEO, also serves as DCM's CEO.

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 operates as the Territory Marketing Representative in Colorado and Utah and license resellers of the CARDS. The Licensed Activated Resellers (LAR) will be licensed through GLCD, the Territory Marketing Representative.

In August 2003 the Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc stock. As per the agreement with DCM Enterprises, Inc the Company transferred Alpha Tooling, Inc to DCM Enterprises, Inc for credit towards the debit it has with DCM Enterprises, Inc. After October 1st 2003 the transaction was changed by agreement to an Asset assignment.

b. Marketing Agreement

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 156,390,807 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.

c. Stock Repurchase

In December 2003 the Company reacquired 200,000 shares of DCME for 200,000,000 restricted shares of the Company.

The stock repurchase agreement was modified allowing an additional 200,000 shares of DCME to be repurchased by the Company.

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

In September 2003 the Company agreed to reacquire the 149,283 shares previously sold to the investor. The agreement provides for the issuance of 560,000 shares of DCM Enterprises ("DCME") common stock in addition to 40,000,000 shares of restricted common stock of the Company. The agreement also allows the Company to purchase from the investor 200,000 shares of the 560,000 shares of DCME based upon the following terms per quarter. 40,000 shares of DCME for 40,000,000 shares of restricted common stock of the Company. This agreement to purchase the 200,000 shares of DCME is only in effect until such time that DCME begins trading.

d. Agreement between the company and DCM Enterprise,

March 18 2004 DCM filed the following information on form 8K as further agreement to the original agreement between the Company and DCM:

In August 2003 the Company agreed to provide the Buyer of Ace Optics an alternative company or return the Buyer's stock since Ace Optics ceased operations immediately after the acquisition. In lieu of an alternative Company the Buyer and Seller agreed that the balance of the DCME stock received by the Seller will be returned to the Buyer. Subsequently the Company acquired and then sold Alpha Tooling to DCM.

In August 2003 The Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc stock. As per an agreement with DCM Enterprises, Inc the Company initially transferred Alpha Tooling, Inc to DCM Enterprises, Inc, in exchange for a reduction of the debit it had with DCM Enterprises, Inc. During October 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.

Note 12 - Legal Proceedings

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

In this matter Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company has appealed the court's decision and the award.

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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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.

Louis Cherry v. Internet Business's International, Inc.

On June 4, 2004 Mr. Cherry filed a lawsuit in California Superior Court, Orange County. Mr. Cherry alleges breach of an employment contract and is seeking an unspecified amount of money in damages. At the time of this filing the matter is still pending.

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.

17

Note 13- Subsequent Events

In September 2004 the Company entered into a binding Letter of Intent to acquire Seamless P2P LLC for preferred and common stock of the Company with a value of \$1,000,000 subject to adjustments as defined in the agreement.

On November 2, 2004 the Company filed an 8K which included an update on the Letter of Intent (LOI) entered between a subsidiary of the Company, Seamless Peer to Peer, Inc and Seamless P2P, LLC. Which stated; As of the date of this report, the parties to the LOI had not entered into a definitive agreement. Notwithstanding, the parties thereto and the LOI contemplate the transaction closing on or before December 31, 2004.

18

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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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 the our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

Alpha Wireless Broadband, Inc. ("Company") is currently a start up business that is concentrating on 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).

(A) PLAN OF OPERATION

The Company is currently a start up operation. As of September 30, 2004 the company had acquired 80 contracts for the installation of Wi-Fi Service. Of which 20 were viable for the installation of W-Fi service and Wi-Fi services were installed at those locations. The balance of the contracts were canceled.

The Company currently has less than 5 employees and leases office space in Henderson, Nevada.

(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 Companies 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, 2004, 2003, are derived from the financial statements of the Company and should be read in conjunction with the audited financial statements included herein. 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".

Analysis of Financial Condition

There was no revenue for the three month periods ended September 30, 2004 and September 30, 2003. The Company ceased operations during fiscal year ended June 30, 2003. The Company's current operations started effective July 2004.

Selling, general and administrative expenses for the three months periods ended September 30, 2004 and 2003 respectively, were \$313,657 and \$275,578. The respective expensive were due to the Company currently being in a startup phase and during the same period for 2003 the Company had just ceased operations June 30, 2003.

"Other Income" is either extraordinary income from payment in full on debt for

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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 there will be no comparison of the quarters.

Other (expenses) for the three month ended September 30,2004 and 2003 respectively of (\$874,428) and (\$1,449,236), are primarily due the Company currently being is a startup phase during 2004 and due to the closing of the Company during 2003 which includes and the write-off of the amounts due from each segment.

FIRST QUARTER OF FISCAL YEAR ENDED 2005 AND 2004

	September 30, 2004	September 30, 2003

W-Fi ISP, FULL-SERVICE ISP		
NET SALES	\$ 0	\$ 0
OPERATING INCOME	\$ (5,917)	\$ (654,395)
OTHER		
NET INCOME	\$ 620	\$ 118,405
OPERATING INCOME	\$ (1,206,685)	\$ (1,449,236)
TOTAL		
NET INCOME	\$ 0	\$ 118,405
OPERATING INCOME	\$ (1,212,602)	\$ (1,985,226)

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

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 direct marketing of 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).

Information on reportable segments is as follows:

- (1) ISP: The resultant loss for the Wi-Fi ISP segment for first quarter of fiscal year ended June 30, 2005 was (\$5,917) which were expenses related to the startup of this operation. The resultant loss for the first quarter of fiscal year June 30, 2004 of (\$654,395) was due to write offs of this segments assets and other cost due to relocating assets and since this segment ceased operations in the third quarter

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

of fiscal year ended June 2003, a segmented comparison would be meaningless.

- (2) Other: For the first quarter of the fiscal years ended June 30, 2004 and 2004 respectively received \$620 in revenue from a returned deposit

20

that was written off for fiscal year ended June 30, 2002. The revenue of \$118,405 from the sale of a depreciated asset for more than its book value and was the net profit from that sale. The losses of (\$874,428) and (\$1,449,236) for the same respective periods stated above were due to the starting up of one operations and the closing of prior operations and relocation of offices and equipment.

Liquidity and Capital Resources

Net cash used in operating activities at the end of the first quarter of fiscal year ended June 30, 2005, decreased to (\$165,526) when compared to the results for the same period ended 2004 of (\$285,218). The Company has 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. This is being provided by two sources; Windsor Professional Plaza LLC which is providing capital to resolve previous Company debts, and through 1st American Factoring LLC which provides capital to expand the Companies current operations.

Capital Expenditures

Other than as set forth below, no material capital expenditures were made during the first quarter ended September 30, 2004.

Acquisitions

In August 2003 the Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc. 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 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.

In December 2003 GLCD acquired the assets of DCM for 60,000,000 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".

Critical Accounting Policies

The Securities and Exchange Commission issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies,"

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

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.

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 our 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.

21

Use of Estimates

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

Recently Issued Accounting Pronouncements

In December 2003, the Securities and Exchange Commission released Staff Accounting Bulletin No. 104, "Revenue Recognition" (SAB 104). SAB 104 clarifies existing guidance regarding revenue recognition. The Company's adoption of SAB 104 did not have an impact on its consolidated results of operations, financial position or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," or Statement 150. Statement 150 establishes standards for issuer classification and measurement of certain financial instruments with characteristics of both liabilities and equity. In accordance with this standard, financial instruments that embody obligations for the issuer are required to be classified as liabilities. This statement is effective for all financial instruments entered into or modified after May 31, 2003, with certain exceptions. Our adoption of Statement 150 did not have an impact on our results of operations, financial

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

position or cash flows.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," that amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This statement is effective for contracts and hedging relationships entered into or modified after June 30, 2003, with certain exceptions. Our adoption of SFAS No. 149 did not have an impact on our financial position or results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," or FIN 46. FIN 46 requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. FIN 46 is effective for the first quarter of 2004. We do not expect the adoption of FIN 46 to have an impact on our consolidated results of operations, financial position or cash flows.

In December 2002, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," an amendment of SFAS No. 123. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. This statement is effective for financial statements for fiscal years ending after December 15, 2002. SFAS No. 148 has not had any impact on our financial statements as management uses the fair value of goods and services received to determine the number of shares to issue.

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.

Capital Expenditures

There were no capital expenditures during the 2004 fiscal year.

22

Net Operating Loss Carry forwards

For the fiscal year ended June 30, 2004, 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,"

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

"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 succeed in achieving it's 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 Annual 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 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 Annual 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

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

In this matter Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company has appealed the court's decision and the award.

23

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

Louis Cherry v. Internet Business's International, Inc.

On June 4, 2004 Mr. Cherry filed a lawsuit in California Superior Court, Orange County. Mr. Cherry alleges breach of an employment contract and is seeking an unspecified amount of money in damages. At the time of this filing the matter is still pending.

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.

ITEM 2. CHANGES IN SECURITIES

Authorized Shares

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. The Company does not have enough Authorized shares to issue in the event of the conversion of all of its preferred stock outstanding.

Stock Issuance

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

During first quarter of fiscal year ended June 30, 2005 the following stock was issued:

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

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

874,430,000 shares were issued for services.

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

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

546,260,000 shares of common stock were issued per the conversion of preferred stock into common, pursuant to the agreement with Windsor Professional Plaza, LLC.

136,000,000 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

24

156,390,807 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.

170,000,000 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

200,000,000 shares of restricted common stock were issued to repurchase 200,000 shares of DCM.

54,000,000 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

80,000,000 shares of restricted common stock were issued as per agreement for the repurchase of 80,000 shares of DCM.

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.

Stock Issuance for Acquisitions

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

Refer to Note 2-Business Combinations

Preferred Stock

In May 2004 Mercatus, with the consent of the Company, assigned 1,029,231, preferred shares to Windsor Professional Plaza, LLC. During the first quarter of fiscal year ended June 30, 2005 the Company cancelled 35,186 shares in order to reduce preferred stock outstanding because they would have converted into an amount of common shares in excess of those authorized. Windsor Professional converted 117,453 shares of preferred stock.

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

No reports on Form 8-K were filed during the quarter covered by this Form 10-QSB.

25

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.

ALPHA WIRELESS BROADBAND, INC.

Date: November 22, 2004

/s/ Albert R. Reda

Albert R. Reda
Chief Executive Officer, Secretary

EXHIBIT INDEX

Number Description

Edgar Filing: INTERNET BUSINESS INTERNATIONAL INC - Form 10QSB

- 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).