

Edgar Filing: SEAMLESS Corp - Form 10-Q

SEAMLESS Corp
Form 10-Q
February 23, 2009

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

FORM 10-Q

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

For the quarterly period ended December 31, 2008

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

Commission File Number: 000-20259

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

NEVADA

33-0845463

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

800 N. RAINBOW BLVD., STE. 208, 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, 2009, the number of shares of common stock issued and outstanding was 3,294,580,963

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

INDEX

Page
Number

PART I - FINANCIAL INFORMATION

Edgar Filing: SEAMLESS Corp - Form 10-Q

Item 1.	Financial Statements (Unaudited)	
	Balance Sheet - December 31, 2008	2
	Statements of Operations - For the three months and six months ended December 31, 2008 and 2007	3
	Statements of Cash Flow - For the six months ended December 31, 2008 and 2007	4
	Notes to Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
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	21

SIGNATURES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEAMLESS CORPORATION
f/k/a/ SEAMLESS WI-FI, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 2008 (unaudited)

Current assets	
Notes receivable-related parties (Net of Allowance \$0 and \$243,332 at December 31, 2008 and June 30, 2008, respectively)	--
Inventory	--
Accrued interest receivable	--
Prepaid license fees	--
Other current assets	5,956

Total current assets	5,956

Edgar Filing: SEAMLESS Corp - Form 10-Q

Property and equipment (net of accumulated depreciation of \$47425 and \$76,169 at December 31, 2008 and June 30, 2008, respectively)	2,082,669
Security deposit	13,910

TOTAL ASSETS	\$ 2,102,535
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Bank overdraft	7,083
Accounts payable and accrued expenses	999,341
Judgments payable	361,054
Other current liabilities	135,698
Payable to officer	274,729

Total current liabilities	1,777,905

Commitments and contingencies (See Note 9)	
Stockholders' equity	
Preferred A stock, par value \$0.001, 4,000,000 shares and 10,000,000 shares authorized at December 31, 2008 and June 30, 2008, 454,912 shares and 692,312 shares issued and outstanding at December 31, 2008 and June 30, 2008	454
Preferred B stock, par value \$0.001, 1,000,000 and 10,000,000 shares authorized at December 31, 2008 and June 30, 2008 0 shares issued and outstanding	--
Preferred C stock, par value \$0.001, 5,000,000 shares authorized at December 31, 2008 and June 30, 2008, 2,595,000 shares and 2,700,000 shares issued and outstanding at December 31, 2008 and June 30, 2008	2,595
Common stock, par value \$0.001, 10,990,000,000 shares and 11,000,000 shares authorized at December 31, 2008 and June 30, 2008, 2,761,890,963 shares and 227,890,963 shares issued and outstanding at December 31, 2008 and June 30, 2008	2,761,891
Additional paid-in capital	23,416,478
Stock subscription receivable	(540,750)
Accumulated deficit	(25,216,038)

Total stockholders' equity	424,630
Less: Treasury stock at cost	(100,000)

Stockholders' equity	324,630

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,102,535
	=====

The accompanying notes are an integral part of these financial statements.

Edgar Filing: SEAMLESS Corp - Form 10-Q

f/k/a/ SEAMLESS WI-FI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31,
(unaudited)

	3 MONTHS		6
	2008	2007	2008
Revenues	\$ 0	\$ 4,537	\$ 473
Cost of revenues	3,470	973	8,919
Gross Income (Loss)	(3,470)	3,564	(8,446)
Expenses:			
Selling, general and admin.	303,466	170,832	558,363
Consulting	0	47,540	10,000
Interest	0	--	21
Legal	6,392	34,359	6,392
Officer Payroll	75,000	263,000	150,000
Bad Debt Expense	2,982,852	--	2,996,512
Settlement fee	169,261		169,261
License fee write off	239,146		239,146
Depreciation and amortization	3,794	8,035	15,867
Total Expenses	3,779,911	523,766	4,145,562
(Loss) from operations	(3,783,381)	(520,202)	(4,154,008)
Other income			
Cancellation of indebtedness	12,119	12,119	24,238
Interest	0	80,121	0
Other		(60)	
Income (Loss) before income taxes	(3,771,262)	(428,022)	(4,129,770)
Income taxes (benefit) (note 6)	--	--	--
Net Income (Loss)	\$ (3,771,262)	\$ (428,022)	\$ (4,129,770)
Preferred C stock dividends-deemed	--	(500,000)	(405,400)
Net loss available to common stockholders	\$ (3,771,262)	\$ (928,022)	\$ (4,535,170)
Basic and Diluted income (loss) per common share	\$ (0.00)	\$ (0.12)	\$ (0.00)

Edgar Filing: SEAMLESS Corp - Form 10-Q

	=====	=====	=====
Weighted average basic and diluted common	1,551,983,354	7,962,803	1,067,067,593
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

3

SEAMLESS CORPORATION
f/k/a SEAMLESS WI-FI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31,
(unaudited)

	2008	2007
	-----	-----
Cash flows used in operating activities		
Net income (loss) from continuing operations	\$ (4,129,770)	\$ 12,274
Adjustments to reconcile net loss to used by operating activities:		
Depreciation and amortization	15,867	16,005
Cancellation of indebtedness	(24,238)	(859,102)
Issuance of common stock for services	10,000	218,750
Issuance of preferred C stock for payment of expense		2,485
Interest expense		6,864
Bad debt expense	2,996,512	
License write off	239,146	
Settlement fee	19,261	
Changes in operating assets and liabilities		
Accounts receivable		12,936
Accrued interest receivable		(159,547)
Other current assets	845	
Security deposits	7,651	(14,961)
Accounts payable	157,460	21,254
Payroll taxes payable		(15,000)
Other current liabilities	(20,952)	19,783
Payable to officer	99,855	60,488
Restricted cash - Escrow		75,000
Net cash used by operating activities	----- (628,363)	----- (602,771)
Cash flows used in investing activities:		
Technology	--	(165,619)
Investments	--	(2,750)
Advances to related party	--	(161,584)
Net cash used in investing activities	----- --	----- (329,953)
Cash flows from financing activities		
Proceeds for additional paid in capital		23,750
Proceeds from sale of common stock	28,416	
Proceeds from sale of preferred A stock	100,000	

Edgar Filing: SEAMLESS Corp - Form 10-Q

Proceeds from sale of preferred C stock	394,600	890,000
Increase in short term debt	101,194	
Bank overdraft	4,153	3,793
	-----	-----
Net cash provided by financing activities	628,363	917,543
	-----	-----
Increase (decrease) in cash	0	(15,181)
Cash at beginning of period	0	15,181
	-----	-----
Cash at end of period	\$ --	\$ --
	=====	=====

The accompanying notes are an integral part of these financial statements.

4

SEAMLESS CORPORATION
f/k/a SEAMLESS WI-FI, INC.
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31,
(unaudited)

	2008	2007
	-----	-----
Cash paid for:		
Interest	\$ 21	\$ --
Taxes	\$ --	\$ --
Noncash investing, and financing activities		
Deemed dividends recorded for Preferred C stock	\$ 405,400	\$ --
Common stock issued for services		\$ 83,342
Preferred C stock issued for officer's compensation		\$ 200,000
Preferred A stock issued for conversion of preferred C stock	\$ 50,000	
Preferred C stock issued for stock subscription receivable		\$ 200,000
Preferred C stock issued for deemed dividend	\$ --	\$ 500,000
Common stock and preferred A stock issued for conversion of preferred C stock	\$ 50,000	
Common stock issued for conversion of preferred C stock	\$ 5,000	
Common stock issued for deferred compensation		\$ 120,000
Common stock issued for conversion of preferred A stock	\$1,375,400	\$1,416,206

The accompanying notes are an integral part of these financial statements.

5

SEAMLESS CORPORATION
F/K/A SEAMLESS WI-FI INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1: ORGANIZATION AND OPERATIONS

Prior to December 31, 1997, Seamless Corporation ("The Company") formerly known as Seamless Wi-Fi, Inc. "the Company" was in the food product manufacturing business and formerly known as International Food and Beverage, Inc. In November

Edgar Filing: SEAMLESS Corp - Form 10-Q

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 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. As of June 30, 2008, Skyy-Fi closed the internet service and tech support for these 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.

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

In July 2008, the Company changed the name of its subsidiary, Seamless Skyy-Fi, Inc. to Seamless Tek Labs, Inc. The Company's subsidiary, Seamless Peer 2 Peer Inc. became a subsidiary of Seamless Tek Labs, Inc. Both Tek Labs and Peer 2 Peer will concentrate on software development.

6

In July 2008, the Company started a marketing company, Seamless Sales, LLC for all of the products the Company and its subsidiaries produce.

In July 2008, the Company changed its name from Seamless Wi-Fi, Inc. to Seamless Corporation which was approved by the Board of Directors. The Company will concentrate on production of the S-Gen a Pocket Personal Computer, the SNBK-1 a Mini Note Book, and MP3-4 players.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiary. They have been prepared in

Edgar Filing: SEAMLESS Corp - Form 10-Q

conformity with (i) accounting principles generally accepted in the United States of America; and (ii) the rules and regulations of the United States Securities and Exchange Commission. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated in consolidation.

UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of Seamless Corporation, and its Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, pursuant to the rules and regulations of the Securities and Exchange Commission. Pursuant to such rules and regulations, certain financial information and footnote disclosures normally included in the consolidated financial statements have been condensed or omitted. The results for the periods indicated are unaudited, but reflect all adjustments (consisting only of normally recurring adjustments) which management considers necessary for a fair presentation of operating results.

The operating results for the six-month period ended December 31, 2008 are not necessarily indicative of the results that may be expected for the year ended June 30, 2009. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2008.

RECLASSIFICATIONS

Certain reclassifications have been made in the 2008 financial statements to conform to the 2007 presentation. These reclassifications did not have any effect on net income (loss) or shareholders' equity.

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.

7

Significant estimates include allowances for doubtful accounts and notes and 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.

ACCOUNTS RECEIVABLE

Accounts receivable are judged as to collectibility by management and an allowance for bad debts has not been established.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and depreciated using the straight-line

Edgar Filing: SEAMLESS Corp - Form 10-Q

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 cost and are written down when they become permanently impaired. See note 6.

INVENTORY

Inventory is valued at lower of cost (first-in, first out method) or market.

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 to product specifications. 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. In the quarter ended December 31, 2008, \$239,146 was written off as the software is no longer produced. In the six months ended December 31, 2007, there was no amortization for the capitalized costs.

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.

8

ADVERTISING EXPENSE

All advertising costs are expensed when incurred. Advertising costs were \$106,301 and \$41,684 for the quarters ended December, 2008 and 2007, respectively.

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

Edgar Filing: SEAMLESS Corp - Form 10-Q

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% of more owned U.S. subsidiaries file a consolidated federal income tax return.

The Company adopted the provision of FASB Interpretation ("FIN") No. 48, Accounting for Uncertainty in Income Taxes, on January 1, 2008.

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. At December 31, 2008, Series A Preferred shares are convertible to 4,549,120,000 common shares and Series C Preferred shares are convertible to 25,950,000,000 common shares. Because the convertible preferred shares have an anti-dilutive effect, there is no difference between basic and diluted earnings per share.

STOCK BASED COMPENSATION

The Company had adopted 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 EITF 96-18 "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or In Conjunction with Selling, Goods, or Services". There were no employee stock options granted during the six months ended December 31, 2008 and December 31, 2007.

9

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

On July 1, 2008, we adopted Financial Accounting Standards Board ("FASB") Statement No. 157, Fair Value Measurements ("SFAS No. 157") for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

Statement of Financial Accounting Standard ("SFAS") No. 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115, became effective for us on July 1, 2008. SFAS No. 159 gives us the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis with the difference between the carrying value before election of the fair value option and the fair value recorded upon election as an adjustment to beginning retained earnings. We chose not to elect the fair value option.

Edgar Filing: SEAMLESS Corp - Form 10-Q

NOTE 3: OPERATIONS AND LIQUIDITY

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. At December 31, 2008 the Company had an accumulated deficit of \$25,216,038.

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 4: INVENTORY

Inventory consisted of parts and materials held by a manufacturer in China. The Company transferred ownership of the inventory in the amount of \$150,000 to Kelly's Inc. according to the settlement agreement with them in the second quarter of year 2009.

NOTE 5: PROPERTY AND EQUIPMENT, AT COST

Property and equipment consists of the following:

	December 31, 2008	June, 30 2008
	-----	-----
Machinery and Equipment	\$ 53,390	\$ 98,001
Technology	2,076,704	2,076,704
Tooling	0	128,500
	-----	-----
	2,130,094	2,303,205
Less: Accumulated Depreciation	47,425	76,169
	-----	-----
	2,082,669	2,227,036

10

Estimated useful life for machinery and equipment is 5 years. The production for tooling and technology is not completed and the estimated useful life is not determined yet.

Depreciation expense for the six months ended December, 2008 and 2007 was \$15,867 and \$16,005 respectively.

No amortization has been taken on technology as the production of inventory has not commenced as of December 31, 2008.

Edgar Filing: SEAMLESS Corp - Form 10-Q

\$44,611 of fixed assets was written off as idle equipment during the quarter ended September 30, 2008.

The Company transferred ownership of the tooling in the amount of \$128,500 to Kelly's Inc. according to the settlement agreement with them in the second quarter of year 2009.

NOTE 6: RELATED PARTY TRANSACTIONS

During the quarter ended September 30, 2008, the Company wrote off \$100,000 against DLR Funding's loan as uncollectible. During the quarter ended December 31, 2008, the Company wrote off \$1,442,847 against 1st Global Financial Service's loan and \$900,152 against DLR Funding's loan as uncollectible. At June 30, 2008 Carbon Jungle's loan of \$243,332 was fully reserved and during the quarter ended December 2008, the notes receivable and the allowance were both removed. At December 31, 2008, there was no notes receivable from related parties.

The Company recorded interest income on the above for the six months ended December 31, 2007 in the amount of \$159,548. The interest at annual rate is 12% for the six months ended December 31, 2007. As all of the notes receivable and the accrued interest receivable were written off in the second quarter, the interest income was not recorded for the six months ended December 31, 2008.

During the quarter ended December 31, 2008, the Company wrote off the accrued interest receivable of \$553,512. At December 31, 2008, there was no accrued interest receivable.

NOTE 7: STOCKHOLDER'S EQUITY

During the quarter ended September 30, 2008, the following securities were issued.

77,500 shares of Series A Preferred Stock were converted to 775,000,000 shares of common stock.

50,000 shares of Series C Preferred Stock were converted into 10,000,000 shares of common stock and 4000 shares of Series A Preferred Stock.

11

50,000 shares of Series C Preferred Stock were converted into 5,000 shares of Series A Preferred Stock.

MAKR's stock subscription receivable was \$800,000 at June 30, 2008 and payment of \$296,744 was received in the quarter ended September 30, 2008. At September 30, 2008 the remaining \$97,856 was receivable and \$405,400 was recorded as deemed dividend during the quarter ended September 30, 2008.

During the quarter ended September 30, 2008, Antigua LLC paid \$100,000 for 500,000 shares of Series A Preferred Stock which were issued in the year ended June 30, 2008.

During the quarter ended December 31, 2008, the following securities were issued.

5,000 shares of Series C Preferred Stock were converted to 50,000,000 shares of common stock.

Edgar Filing: SEAMLESS Corp - Form 10-Q

168,900 shares of Series A Preferred Stock were converted to 1,689,000,000 shares of common 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 \$20,000,000 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 \$7,000,000 for both years ended June 30, 2008 and 2007. 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, 2008 to December 31, 2008.

The Company adopted the provision of FASB Interpretation ("FIN") No. 48, Accounting for Uncertainty in Income Taxes, on January 1, 2008. The implementation of FIN No. 48 did not have any effect on the financial statements.

NOTE 9: COMMITMENTS AND CONTINGENCIES

LEASE

The Company entered into lease agreements for an office space which expires on August 31, 2010 and a server co-location facility which expires on November 2, 2010. The Company rents additional office space in Nevada, on a month to month basis. Rent expense under these leases for the quarters ended December 31, 2008 and 2007 were \$87,561 and \$23,766, respectively. The annual minimum future lease payments required under the Company's operating leases are as follows.

December 31, 2009	\$168,840
December 31, 2010	\$132,310

Total	\$301,150

12

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 settlement agreement with Globalist. However, Globalist later rejected the settlement agreement and an appeal was filed in the second quarter with the appellate court by the Company seeking confirmation of the settlement agreement. This liability has been recorded in the accompanying financial statements.

EMPLOYMENT CONTRACT

The Company has an employment contract with their Chief Executive Officer, Albert Reda that calls for a base salary of \$300,000 for the year ended June 30, 2008 and thereafter, a base salary of \$25,000 a month from July 2007 until its

Edgar Filing: SEAMLESS Corp - Form 10-Q

expiration date in June 2012. In the event that the company becomes profitable according to generally accepted accounting principles, the employee's monthly salary shall be increased to \$30,000 for the remainder of the employment term. In addition, the contract includes a bonus that will be determined by the company's Board of Directors.

NOTE 10: 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 development stage enterprise. The Company was providing "Wireless Internet" access at business locations and a developer and provider of a patent pending software, but in the year ended June 30, 2008 the Company closed the internet service and tech support. The Company will concentrate on production of the S-Gen a Pocket Personal Computer, the SNBK-1 a Mini Note Book, and MP3-4 players. The Company did not start commercial production in the second quarter of this fiscal year yet.

Information on reportable segments is as follows

	For the six months ended December 31,	
	2008	2007
	-----	-----
Wi-Fi ISP net sales	\$ 473	\$ 11,551
Cost of Wi-Fi sales	(8,919)	(15,377)
Cost and expenses	(4,154,008)	(1,003,990)
Other net income	24,238	1,020,090
	-----	-----
Net income (loss)	\$ (4,129,770)	\$ 12,274
	=====	=====

13

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 above. The Company received \$473 in the six months ended December 31, 2008 from the internet service that was discontinued. And there is no sales yet for the new line of business.

14

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.

Edgar Filing: SEAMLESS Corp - Form 10-Q

FORWARD-LOOKING STATEMENTS

The following information contains certain forward-looking statements of our management. 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.

OVERVIEW

SEAMLESS CORPORATION is the parent company operating through its subsidiary companies Seamless TEK LABS Incorporated, Seamless TEK WARE Incorporated and Seamless Sales LLC that develop and sell cutting edge technologies:

SEAMLESS TEK LABS, INC., develops secure networking, data communication and transfer solutions, with a focus on Internet Based Communication and Network Security. Seamless new S-SIB(TM) product enables the user to seamlessly, securely, and simply surf the Internet at any secured or unsecured Wi-Fi Hot Spot in the world. Seamless Phenom software assures secure wireless connectivity with its Phenom Virtual Internet Extranet software and Secure Private Network (SPN) technology and its integration into unique and secure P2P services and its implementation into other Seamless offerings.

SEAMLESS TEK WARE, INC.: has developed and is bringing to market the S-Gen(TM) Mobile Computing and Communications Device, the newest contender in the rapidly expanding Ultra Mobile Personal Computer (UMPC) class of minicomputers. The S-Gen takes connectivity to the next level with integrated Cellular, Wi-Fi and Bluetooth connectivity. Seamless has also developed a 10" Mini-Notebook computer possessing a 120 GB Hard Drive and 1GB of ram, high portability combined with true desk top functionality makes the SNEBK1 a powerful tool for the mobile workforce.

SEAMLESS SALES, LLC: will be establishing distributors, wholesalers, store fronts, channel partners and etailors to sell Seamless products to businesses and consumers.

15

RESULTS OF OPERATIONS

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

Three Months Ended December 31, 2008 (Unaudited)	Three Months Ended December 31, 2007 (Unaudited)
-----	-----

Edgar Filing: SEAMLESS Corp - Form 10-Q

(Unaudited)		
Revenues	\$ 0	\$ 4,537
Cost of Revenues	3,470	973
	-----	-----
(Gross Loss)	(3,470)	3,564
Expenses	3,779,911	523,766
(Net Loss from Operations)	(3,783,381)	(520,202)
Other Income	12,119	92,240
Net Income (Loss)	\$ (3,771,262)	\$ (428,022)
(Net Loss)	\$ (3,771,262)	\$ (428,022)
Preferred C stock dividends-deemed	--	(500,000)
Net Income (Net Loss)	\$ (3,771,262)	\$ (928,022)
(Net Loss) Per Share	\$ 0.00	\$ (.12)
Weighted Average Common Shares Outstanding	1,551,983,354	7,962,803
	-----	-----

	Six Months Ended December 31, 2008 (Unaudited)	Six Months Ended December 31, 2007 (Unaudited)
	-----	-----
Revenues	\$ 473	\$ 11,551
Cost of Revenues	8,916	15,377
	-----	-----
(Gross Loss)	(8,446)	(3,826)
Expenses	4,145,562	1,003,990
(Net Loss from Operations)	(4,154,008)	(1,007,816)
Other Income	24,238	1,020,090
Net Income (Loss)	\$ (4,129,770)	\$ 12,274
(Net Loss)	\$ (4,129,770)	\$ 12,274
Preferred C stock dividends-deemed	\$ (405,400)	(500,000)
Net Income (Net Loss)	\$ (4,535,170)	\$ (487,726)
(Net Loss) Per Share	\$ 0.00	\$ (.07)
Weighted Average Common Shares Outstanding	1,067,067,593	6,948,095
	-----	-----

THREE AND SIX MONTHS ENDED DECEMBER 31, 2008 (UNAUDITED) COMPARED TO THREE AND SIX MONTHS ENDED DECEMBER 31, 2007 (UNAUDITED)

REVENUES

Revenues for the three and six months ended December 31, 2008 were \$0 and \$473 compared to \$4,537 and \$11,551 for the same periods in 2007, a decrease of approximately 100% for the three and six months ended for the respective periods. This decrease in revenue was the result of discontinued operation of all the Wi-Fi locations in the previous fiscal year ended June 30, 2008 and inability to market the S-SIB software successfully.

COST OF REVENUES

The cost of revenues for the three and six months ended December 31, 2008 was \$3,470 and \$973 compared to \$8,919 and \$15,377 for the three and six months periods ended December 31, 2007, a increase of approximately 360% for the three months and a decrease of approximately 58% for six months respective. The three month increase in the cost of revenue is due to marketing the S-SIB product and

Edgar Filing: SEAMLESS Corp - Form 10-Q

reducing cost of the Wi-Fi locations being served. The increase in the cost of revenue for the six months ended December 31 is due to the cost of maintaining the Wi-Fi locations.

OPERATING EXPENSES

The operating expenses for the three and six months ended December 31, 2008 of \$3,779,911 and \$4,145,562 as compared to the three and six months ended December 31, 2007 of \$523,766 and \$1,003,990 represents an increase of approximately 727% for the three months ended and an increase of approximately 420% for the six months ended December 31. The increase is due to the writing off of uncollectible receivables due the Company.

OTHER INCOME

Other income for the for the three and six months ended December 31, 2008 decreased to \$12,119 and \$24,238 as compared to the other income of \$92,240 and \$1,020,090 for the same periods ended in 2007. This represents a decrease of approximately 86% and 97% respectively. Other income consists primarily of debt forgiveness from prior operations due to the fact that certain debts were not paid within the prescribed time as required by law and the Company now has 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 \$25,000,000 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 \$7,000,000 for both years ended June 30, 2008 and 2007. 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, 2008 to December 31, 2008.

NET INCOME/LOSS

The Company has experienced an increase of approximately 400% in the net loss of \$(3,771,262) for the three months ended December 31, 2008 as compared to a net loss of \$(928,022) for the three months ended December 31, 2007. The Company also experienced an increase of approximately 930% in the net loss of \$(4,535,170) for the six months ended December 31, 2008 as compared to a net loss of \$(487,726) for the six months ended December 31, 2007. The increased net loss is primarily due to writing off uncollectible receivables due the Company. The increase in the net loss had a negligible impact on the weighted average shares because of the corresponding increase in the number of the weighed average shares issued and outstanding.

LIQUIDITY AND CAPITAL RESOURCES

The Company had no cash and or cash equivalents for six month period ended December 31, 2008. Net loss from operations was \$(628,363) for the period ended December 31, 2008 compared to net loss from operations of \$(602,771) for the comparable period ended December 31, 2007.

As a result of our increases in net operation losses, our working capital

Edgar Filing: SEAMLESS Corp - Form 10-Q

deficiency has decreased. We have funded our losses through an equity line of credit secured by preferred stock. Repayments of certain loans occurred by the lender taking possession of the collateral. We anticipate these losses to continue through 2009.

We have a working capital deficit of \$(1,771,949) as of December 31, 2008 compared to a working capital surplus of \$1,268,462 as of December 31, 2007. This is a decrease in the working capital surplus and as compared to the working capital surplus from the previous year and we expect the working capital surplus to continue to decrease till the Company begins product delivery generate income from the sales of products.

As shown in the accompanying financial statements, we have incurred an accumulated deficit of \$(25,216,038) and a working capital deficit of \$(1,771,949) as of December 31, 2008. 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.

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

18

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 our consolidated financial statements are in conformity with United States generally accepted accounting principles which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

STOCK-BASED COMPENSATION ARRANGEMENTS

We issue 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 as 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

Edgar Filing: SEAMLESS Corp - Form 10-Q

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 our sales and results of operations during the period.

NET OPERATING LOSS CARRY FORWARD

No provision for income taxes has been recorded in the accompanying financial statements as a result of our net operating losses. We have unused tax loss carry forwards of approximately \$(25,000,000) to offset future taxable income. Such carry forwards expire in the years beginning 2023.

The deferred tax asset we recorded as a result of these tax loss carry forwards is approximately \$(25,000,000) as of December 31, 2008. We have reduced the deferred tax asset resulting from our 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 which was \$(20,660,864) as of June 30, 2008 to December 31, 2008 of (\$25,216,038) is an increase in the Net Operating Loss Carry Forward of (\$4,551,174).

OFF BALANCE SHEET ARRANGEMENTS

We have 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,

19

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

ITEM 1. LEGAL PROCEEDINGS

In July 2003, Globalist sued the Company and was awarded a judgment plus

Edgar Filing: SEAMLESS Corp - Form 10-Q

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 settlement agreement with Globalist. However, Globalist later rejected the settlement agreement and an appeal was filed in the second quarter with the appellate court by the Company seeking confirmation of the settlement agreement. This liability has been recorded in the accompanying financial statements.

To the best knowledge of management, other than the on going matter with Globalist and there related issues there are no other legal proceedings pending or threatened against us.

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

None.

ITEM 6. EXHIBITS

The following Exhibits are filed herein:

NO.	TITLE
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

21

SIGNATURES

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

DATED: February 19, 2009

SEAMLESS CORPORTION

Edgar Filing: SEAMLESS Corp - Form 10-Q

/s/ Albert Reda

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