

Edgar Filing: SIRICOMM INC - Form 10QSB/A

SIRICOMM INC
Form 10QSB/A
November 01, 2005

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

FORM 10-QSB/A No. 2

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Period Ended
March 31, 2005

Commission File No. 0-18399

SIRICOMM, INC.

(Exact name of Registrant as specified in its Charter)

Delaware

62-1386759

(State or jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

2900 Davis Boulevard, Suite 130, Joplin, Missouri

64804

(Address of Principal Executive Office)

(Zip Code)

Registrant's telephone number, including area code: (417) 626-9961

Former name, former address and former fiscal year, if changed since last
report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for a shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes No

The number of shares outstanding of the Registrant's Common Stock, \$.001 par
value, as of May 11, 2005 was 19,773,117

=====

SiriCOMM, Inc. hereby amends and restates in its entirety its Quarterly Report
on Form 10-QSB for the period ending March 31, 2005, which was filed on
May 12, 2005, by filing this amended quarterly report as provided by the
applicable rules under the Securities and Exchange Act of 1934. The Company has
revised portions of its financial statements and legal disclosure in response to
comments made by the staff of the Securities and Exchange Commission during
their review of the Company's 10-KSB. This Form 10-QSB/A contains a restatement

Edgar Filing: SIRICOMM INC - Form 10QSB/A

of the Company's quarterly financial statements and related disclosure to reflect its responses to those comments.

PART I - FINANCIAL INFORMATION

Item 1: Financial Statements

Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Operations for the six months ended March 31, 2005 and March 31, 2004	4
Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months ended March 31, 2005 and 2004	5
Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 2005 and March 31, 2004	6
Notes to the Condensed Consolidated Financial Statements	7

2

SIRICOMM, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2005
	(Unaudited)
	Restated
Assets	
Current Assets	
Cash	\$ 7
Prepaid expenses and other	-----
Total current assets	7
Property and Equipment, At Cost	
Equipment	2,2
Network equipment in progress of installation	1

Less accumulated depreciation	2,3
	1

	2,1

Software, net of amortization	-----

Edgar Filing: SIRICOMM INC - Form 10QSB/A

Other prepaid consulting services	2,4

Total assets	\$ 5,5
	=====
Liabilities and Stockholders' Equity	
Current Liabilities	
Note payable to bank	\$ 4
Current maturities of long-term debt	
Accounts payable	2
Accrued salaries	2
Other accrued expenses	1
Deferred revenue	

Total current liabilities	1,1

Total liabilities	1,1

Preferred stock - Redeemable and convertible, Series A par value \$.001; 500,000 shares authorized; 213,417 shares issued and outstanding; dividend rate of 0.025 per share per quarter commencing March 2004; liquidation preference of \$1 per outstanding share cash payment	2
Stockholders' Equity	
Common stock - par value \$.001; 50,000,000 shares authorized; 18,701,450 - March 31, 2005, 16,255,650-September 30, 2004, issued and outstanding	
Additional paid-in capital	13,0
Deferred compensation	(9
Retained deficit	(7,9

Total stockholders' equity	4,1

Total liabilities and stockholders' equity	\$ 5,5
	=====

See Notes to Condensed Consolidated Financial Statements

3

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Restated

March 31, 2005

-----	-----	-----
3 months ended	6 months ended	3 months
-----	-----	-----

Edgar Filing: SIRICOMM INC - Form 10QSB/A

	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 27,175	\$ 33,448	\$
Operating Expenses:			
General and administrative	186,128	336,320	361,
Salaries	333,813	569,150	90,
Satellite access fees	196,759	290,629	
Stock-based compensation	-	-	
Research and development	12,180	24,780	14,
Depreciation and amortization	114,778	122,066	5,
	-----	-----	-----
Total operating expenses	843,657	1,342,944	472,
	-----	-----	-----
Operating loss	(816,482)	(1,309,496)	(472,
	-----	-----	-----
Other Income (Expense)			
Interest income	3,737	5,597	1,
Other income	-	-	
Interest expense	(4,805)	(9,265)	(3,
Loan costs	-	-	(69,
	-----	-----	-----
	(1,069)	(3,669)	(71,
	-----	-----	-----
Net loss	\$ (817,551)	\$ (1,313,165)	\$ (543,
	=====	=====	=====
Add: Dividends declared on preferred stock	(5,336)	(10,671)	
	-----	-----	-----
Loss available to common shareholders	\$ (8,22,887)	\$ (1,323,836)	\$ (543,
	=====	=====	=====
Basic and diluted loss per common share	\$ (0.05)	\$ (0.08)	\$ (0
	=====	=====	=====
Weighted average shares, basic and diluted	17,606,094	16,930,993	13,555,
	=====	=====	=====

See Notes to Condensed Consolidated Financial Statements

4

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)
Restated

Common Stock	Additional	Deferred	Accumulat
-----	Paid-in	Compen-	Accumulat

Edgar Filing: SIRICOMM INC - Form 10QSB/A

	Shares	Amount	Capital	ation	Defici
	-----	-----	-----	-----	-----
For the six months ended					
March 31, 2004					
Balance, September 30, 2003	12,966,593	\$12,967	\$ 3,847,485	\$ 0	\$ (3,906,6
Fair value of conversion options added to preferred stock	-	-	(21,342)	-	
Conversion of debt to equity	426,592	426	429,555	-	
Stock issued for loan costs	9,593	10	13,670	-	
Stock issued for services	34,000	34	38,590	-	
Stock warrants exercised	176,000	176	87,824	-	
Stock options issued for services	-	-	57,500	-	
Proceeds from stock issuance	1,925,000	1,925	1,828,075	-	
Issuance of options to employees	-	-	50,000	-	
Treasury stock retired	(195,250)	(195)	(458,643)	-	
Net loss for the period	-	-	-	-	(1,220,5
Balance, March 31, 2004	15,342,528	\$15,343	\$ 5,872,714	\$ -	\$ (5,127,1
	=====	=====	=====	=====	=====
For the six months ended					
March 31, 2005					
Balance, September 30, 2004	16,255,650	\$16,252	\$ 8,379,044	\$(722,016)	\$ (6,685,0
Stock warrants issued for services	-	-	600,000	(210,000)	
Stock warrants exercised	90,000	90	174,910	-	
Stock options exercised	26,800	27	26,773	-	
Stock options issued for services	-	-	91,800	-	
Stock issued for services	2,010,000	2,010	3,212,055	-	
Proceeds from stock issuance completed January 3, 2005; net of consideration of \$87,420	319,000	319	550,261	-	
Accrued dividends	-	-	(10,671)	-	
Net Loss for the period	-	-	-	-	(1,313,1
Balance, March 31, 2005	18,701,450	\$18,698	\$13,024,172	\$(932,016)	\$ (7,998,1
	=====	=====	=====	=====	=====

See Notes to Condensed Consolidated Financial Statements.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

Operating Activities	
Net loss	\$ (1,313,
Items not requiring cash	
Depreciation	122,
Loan costs	
Stock-based compensation for services	
Stock-based compensation to employees	
Amortization of long-term prepaid contracts	130,
Changes in assets and liabilities:	
Current assets	10,
Accounts payable	177,
Accrued expenses	152,
Deferred revenues	16,

Net cash flows used in operating activities	(703,

Investing Activities	
Purchase of furniture and equipment	(589,

Net cash flows used in investing activities	(589,

Financing Activities	
Borrowings under line of credit, net	322,
Payment of notes payable	(25,
Proceeds from exercise of stock options and warrants	201,
Proceeds from sale of common stock	550,

Net cash flows provided by financing activities	1,050,

Increase (Decrease) in Cash	(242,
Cash, beginning of period	1,019,

Cash, end of period	\$ 776,
	=====
Supplemental Cash Flows Information	
Interest paid	\$ 11,
Stock and warrants issued in exchange for services and equipment	\$ 3,814,
Stock options issued in exchange for prepaid consulting services	\$ 91,
Accrued dividends for Series A preferred stock	\$ 10,
Shares of common stock issued for loan costs	\$
Conversion of debt to equity	\$
Fair Value of conversion options added to preferred stock	\$

See Notes to Condensed Consolidated Financial Statements

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

1. Nature of operations and summary of significant accounting policies:

Nature of Operations:

SiriCOMM, Inc., a Delaware corporation (the "Company"), through its wholly owned subsidiary of the same name, which was incorporated in the State of Missouri on April 24, 2000, has developed broadband wireless application service technologies intended for use in the marine and transportation industries. The Company opened its network in December, 2004 for commercial operation and has commenced selling its InTouch(TM) Internet Service to individual subscribers.

The Company was considered to be in the development stage during its recent reporting period ending September 30, 2004. Since September 30, 2004, the Company has commenced revenue producing operations and continues to market its service technologies, including satellite communications, wireless networking, and productivity enhancing software.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements reflect all adjustments that are in the opinion of the Company's management, necessary to fairly present the financial position, results of operations and cash flows of the Company. Those adjustments consist only of normal recurring adjustments.

The condensed balance sheet of the Company as of September 30, 2004 has been derived from the audited consolidated balance sheet of the Company as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-KSB annual report for fiscal year ended September 31, 2004 filed with the Securities and Exchange Commission.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

1. Nature of operations and summary of significant accounting policies (continued):

The results of operations for the period are not necessarily indicative of the results to be expected for the full year.

Stock-based Compensation:

The Company accounts for compensation costs associated with stock options issued to employees under the provisions of Accounting Principles Board Opinion No. 25 whereby compensation is recognized to the extent the market price of the underlying stock at the grant date exceeds the exercise price of the option granted. Stock-based compensation to non-employees is accounted for using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation. The Company uses the trinomial options-pricing model to determine the fair value of stock-based compensation and capital contributions. Previously, the Company had used the Black-Scholes model, but it has determined that the trinomial model is better suited to evaluate the variability of uncertain holding horizons.

Had compensation cost for the Company's stock option plan been determined on the fair value at the grant dates for stock-based employee compensation arrangements consistent with the method required by SFAS 123, the Company's net loss and net loss per common share would have been the pro forma amounts indicated below.

	Six Months Ended March 31,	
	2005	2004
	-----	-----
Net loss, as reported	\$ (1,313,165)	\$ (1,220,506)
Add back intrinsic values of stock issued to employees	--	50,000
Less: stock-based employee compensation under the fair value based method	(57,929)	(179,450)
	-----	-----
Pro forma net loss under fair value method	\$ (1,371,094)	\$ (1,349,956)
Net loss per common share-basic and diluted:		
As reported	\$ (.08)	\$ (.09)
Pro forma under fair value method	\$ (.08)	\$ (.10)

8

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

1. Nature of operations and summary of significant accounting policies (continued):

Research and development costs:

The Company incurs costs, associated with computer software to be marketed in the future. Costs incurred in connection with establishing technological

Edgar Filing: SIRICOMM INC - Form 10QSB/A

feasibility have been expensed as research and development costs.

Net loss per share:

Net loss per share represents the net loss available to common stockholders divided by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if convertible preferred stock was converted into common stock. Diluted net loss per share is considered to be the same as basic net loss per share since the effect of the issuance of common stock associated with the convertible stock is anti-dilutive.

Reclassification

Certain reclassifications have been made to the March 31, 2004 financial statements to conform to the March 31, 2005 financial statement presentation. These reclassifications had no effect on net losses.

2. Line of Credit:

During 2004, the Company entered into a line of credit with Southwest Missouri Bank for the purchase of network infrastructure equipment up to a maximum of \$1,000,000. This note is 80% guaranteed by the US Department of Agriculture and is secured by the network equipment. This note is further personally guaranteed by the Company's majority shareholder. The note is a demand note, but if no demand is made then monthly payments of accrued interest at an initial rate of 5.5% on the guaranteed portion and 7.0% on the unguaranteed portion plus monthly principal payments of \$2,358. The note is amortized over 59 months beginning September 25, 2004 with a final payment on August 25, 2009.

3. Stockholders' Equity:

Pursuant to a contract between Pilot Travel Centers and the Company which stated, in consideration for Pilot's permitting the Company to install its broadband wireless network in Pilot's 255 travel centers, the Company issued, upon completion of the installation and testing in October 2004, 255,000 Common Stock Purchase Warrants exercisable for five years, expiring on May 27, 2009 at an exercise price of \$4.50 per share. The transaction resulted in the Company recording \$91,800 as a prepaid consulting service and additional paid-in capital. The prepaid asset is being amortized over the contract period which expires May 27, 2009.

9

SIRICOMM, INC. AND SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

On October 18, 2004 and December 15, 2004, the Company's Chief Financial Officer and a Director, exercised 700 and 800 stock options, respectively, at \$1.00 per share. The options were granted pursuant to the Company's 2002 Equity Incentive Plan.

On November 1, 2004, an employee of the Company exercised 7,500 stock options at \$1.00 per share. The options were granted pursuant to the Company's 2002 Equity Incentive Plan.

SiriCOMM, Inc. consummated the private placement of its units (the "Units") pursuant to a Confidential Investment Proposal dated October 11, 2004 and

Edgar Filing: SIRICOMM INC - Form 10QSB/A

amended on December 20, 2004. Funds were disbursed from escrow to the Company as of January 3, 2005 and shares and warrant certificates were issued at that time. Each Unit consisted of 50,000 shares (the "Shares") of the Company's common stock and a Common Stock Warrant to purchase 37,500 shares of Common Stock. In the private placement, the Company sold an aggregate of 6.38 Units (319,000 Shares and Warrants to purchase 239,250 shares of Common Stock) for an aggregate purchase price of \$638,000, or \$100,000 per Unit.

The Warrants entitle the holders to purchase shares of the Common Stock (the "Warrant Shares") for a period of five years from the date of issuance at an exercise price of \$2.40 per share. The Warrants contain certain anti-dilution rights and are redeemable by the Company, on terms specified in the Warrants.

In connection with the private placement, Sands Brothers International Limited, the placement agent in the private placement, received subsequent to this quarter's filing, a cash commission fee of nine (9%) of the gross proceeds to the Company of the securities sold at the closing, a payment of \$30,000 representing the fees and expenses of its counsel in the private placement and Warrants (the "Agent Warrants") to purchase ten percent (10%) of the Shares sold in the Private Placement (the "Agent Shares"). The Agent Warrants are exercisable for a period of five years at an exercise price of \$2.40 per share and contain the same anti-dilution rights as the Warrants.

Pursuant to the Offering Documents, the Company also agreed to file with the Securities and Exchange Commission a Registration Statement covering the Shares, the Warrant Shares and the Agent Shares. If such Registration Statement is not filed within the required time frame, or does not become effective within 120 days of the closing date, the Company has agreed to pay to the investors 1% of the gross proceeds of the Private Placement for each thirty (30) day period in which the Company fails to comply with such requirements. The Company filed the Registration Statement on a timely basis and expects it to become effective within the allotted time frame.

On January 5, 2005, the Company issued an aggregate of 85,000 shares of its Common Stock upon the exercise of a like number of warrants, exercisable at \$2.00 per share. The warrants were originally issued in January 2004 pursuant to a private placement of the Company's units consisting of common stock and warrants.

10

SIRICOMM, INC. AND SUBSIDIARY NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

As an inducement to the investors exercising their warrants, the Company issued an aggregate of 63,750 new warrants to the investors. The new warrants entitle the holders to purchase shares of the Company's common stock reserved for issuance thereunder for a period of five years from the date of issuance at an exercise price of \$2.40 per share. The warrants contain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in the warrants.

As a further inducement to the investors exercising their warrants, the Company also agreed to file with the Securities and Exchange Commission a Registration Statement covering the shares purchased by each investor as part of the units, the shares issued upon exercise of the warrants and the shares underlying the new warrants.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

On February 7, 2005 the Company entered into a Network Installation Agreement (the "Agreement") with Sat-Net Communications, Inc. ("Sat-Net"). The term of the Agreement is for sixty (60) months commencing on February 7, 2005. The Agreement will be automatically extended on a year-to-year basis upon expiration of the initial term unless terminated in writing by either party.

During the term of the Agreement, Sat-Net will provide and install VSAT terminals at up to 400 truck-stop locations at a predetermined turnkey price.

Pursuant to the Agreement, the Company is issuing to Sat-Net 2,000,000 shares of its Common Stock and 1,000,000 Common Stock Purchase Warrants (the "Warrants") exercisable for a period of three years at a price of \$2.00 per share. The Warrants are subject to vesting at the rate of 2,500 warrants per truck-stop location installed

In addition, the 2,000,000 shares of Common Stock have "piggy-back" registration rights.

On March 16, 2005, the Company issued an aggregate of 10,000 shares to the partners of the Company's Securities Counsel, Sommer & Schneider LLP. The shares were issued in lieu of \$8065 in unpaid invoices due the firm at the time and a \$6,000 credit to cover the Company's April 2005 retainer with the firm. The shares were issued under the Company's 2002 Equity Incentive Plan, and were registered on Form S-8 on April 14, 2003

On March 13, 2005, the Company's Chief Executive Officer granted an aggregate of 102,500 options to various Company employees exercisable at prices per share from \$1.75 to \$2.00. The shares were issued under the Company's 2002 Equity Incentive Plan and were registered on Form S-8 on April 14, 2003

4. Commitments and Contingencies:

Litigation:

On December 17, 2004, certain officers and directors of the Company were named defendants in a lawsuit entitled Greg Sanders v. Henry Hoffman et al. Messrs. Hoffman, Dillman, Mendez and Iler are officers and directors of the Company, Mr. Thompson is a director of the Company and Mr. Noland is a former officer and director of the Company. The action alleges fraud, misrepresentation and breach of fiduciary duty relating to a settlement agreement entered into between the Company and Mr. Sanders. The complaint seeks damages in excess of \$9,679,903. Although the Company was not named as a defendant, it will pay all expenses relating to the defense of this matter. In management's opinion this case is without merit and the defendants intend on defending this matter vigorously.

11

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2005 AND 2004

5. Subsequent Events:

On April 11, 2005, SiriCOMM, Inc. consummated the private sale of its securities to Sunflower Capital, LLC. The securities sold consisted of

Edgar Filing: SIRICOMM INC - Form 10QSB/A

units comprised of shares of the Registrant's common stock (the "Shares") and warrants to purchase shares of the Company's common stock (the "Warrants"). At the closing, the Company sold an aggregate of 1,066,667 units at an aggregate purchase price of \$1,600,000 or \$1.50 per unit. At the closing the Company delivered an aggregate of 1,066,667 Shares and delivered Warrants to purchase an additional 1,066,667 shares of the Company's common stock.

The Warrants entitle the holder to purchase shares of the Company's common stock reserved for issuance thereunder (the "Warrant Shares") for a period of five years from the date of issuance at an exercise price of \$2.50 per share. The Warrants contain certain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in the Warrants.

In a separate transaction also consummated on April 11, 2005 the Company sold 413,605 warrants to Sunflower Capital, LLC at a purchase price of \$53,333 or approximately \$.13 per warrant. These warrants entitle the holder to purchase shares of the Company's common stock reserved for issuance thereunder for a period of five (5) years from the date of issuance at an exercise price of \$3.00 per share. These warrants contain certain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in these warrants.

William P. Moore, a shareholder beneficially owning approximately 9.10% of the issued and outstanding shares of the Company's common stock is the managing member of Sunflower Capital, LLC.

On April 13, 2005, the Company's Chief Financial Officer and a Director of the Company received 15,000 options exercisable at \$1.90 per share. The shares were issued under the Company's 2002 Equity Incentive Plan and were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On April 13, 2005, a Director of the Company received 10,000 options exercisable at \$1.90 per share. The shares were issued under the Company's 2002 Equity Incentive Plan and were registered on Form S-8 on April 14, 2003.

The Company issued 10,000 shares (5,000-April 4 and 5,000-April 8) of its Common Stock to Staunton McLane pursuant to the exercise of a stock option for a like number of shares in April 2005. The exercise price of these options is \$1.00. The shares underlying the option were registered on Form S-8 on April 14, 2003.

6. Restatement of Prior Financial Statements

During the fourth quarter of fiscal 2005 the Company changed its method of accounting for its Series A redeemable, convertible preferred stock. The March 31, 2005 and September 30, 2004 financial statements, as previously presented, included preferred stock at par value as a component of stockholders' equity. The Company has retroactively restated its March 31, 2005, December 31, 2004 and September 30, 2004 financial statements to report the redemption value of Series A preferred stock outside of liabilities and stockholders' equity. This change had no effect on loss before income taxes or net loss. As a result of this change, current liabilities and stockholders' equity as of March 31, 2005 have decreased from the previously reported totals by \$26,677 and \$234,759, respectively. Current liabilities and stockholders' equity as of September 30, 2004 have decreased from the previously reported totals by \$16,006 and \$234,759, respectively.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Background

The Company was incorporated as a Delaware corporation under the name "Fountain Pharmaceuticals, Inc." (the "Company"), in April 1989. In approximately November 2002, the shareholders of SiriCOMM, Inc., a privately-held Missouri corporation, incorporated in 2000 ("SiriCOMM Missouri"), exchanged all of the issued and outstanding common stock of SiriCOMM Missouri for a controlling interest in the Company (the "Reverse Transaction"). As part of the Reverse Transaction, all of the then officers and directors of the Company resigned and were replaced by persons designated by SiriCOMM Missouri and the name of the Company was changed from Fountain Pharmaceuticals, Inc. to SiriCOMM, Inc. As a result of the Reverse Transaction, SiriCOMM Missouri became a wholly-owned subsidiary of the Company and the prior shareholders of SiriCOMM Missouri became the controlling shareholders, officers and directors of the Company. The Company and SiriCOMM Missouri are hereinafter collectively referred to as the "Company."

The Company's corporate address is 2900 Davis Boulevard, Suite 130, Joplin, Missouri 64809, its telephone number is 417-626-9971 and its fax number is 417-782-0475.

SiriCOMM Missouri was founded in 2000 to become a broadband wireless application service provider to supply productivity and cost reduction software applications to the commercial vehicle industry and other users whose effectiveness "over-the-road" requires affordable driver connectivity and vehicle-access software productivity tools.

The Company announced on October 8, 2004 that it has completed and intends to open the first phase installation of a nationwide broadband wireless network (the "Network") that will enable delivery of a wide range of service provider applications to those businesses and governmental entities directly and indirectly dependent on the nation's highway transportation system. In April 2005, the Company began installing test sites pursuant to its agreement with Pre-Pass which will ultimately enable the Company to install an additional 260 sites. The Company began generating revenues in early December 2004, but revenues to date are still not sufficient to cover the Company's operating expenses.

Critical Accounting Policies and Estimates:

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policy, among others; involve the more significant judgments and estimates used in the preparation of

Edgar Filing: SIRICOMM INC - Form 10QSB/A

our consolidated financial statements:

The Company accounts for compensation costs associated with stock options and warrants issued to non-employees using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation. The Company uses the tri-nomial options-pricing model to determine the fair value of these instruments as well as to determine the values of options granted to certain lenders by the principal stockholder. The following estimates are used for grants in 2005: Expected future volatility over the expected lives of these instruments is estimated to mirror historical experience of 75%; expected lives of 2 years is estimated based on management's judgment of the time period by which these instruments will be exercised.

Information Relating To Forward-Looking Statements

When used in this Report on Form 10-QSB, the words "may," "will," "expect," "anticipate," "continue," "estimate," "intend," "plans", and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 regarding events, conditions and financial trends which may affect the Company's future plans of operations, business strategy, operating results and financial position. Such statements are not guarantees of future performance and are subject to risks and uncertainties and actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors include, among others: (i) the Company's ability to obtain additional sources of capital to fund continuing operations; in the event it is unable to timely generate revenues (ii) the Company's ability to retain existing or obtain additional licensees who will act as distributors of its products; (iii) the Company's ability to obtain additional patent protection for its technology; and (iv) other economic, competitive and governmental factors affecting the Company's operations, market, products and services. Additional factors are described in the Company's other public reports and filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

Plan of Operations

SiriCOMM is engaged in the development of broadband wireless software and network infrastructure solutions for the commercial transportation industry and government market. The Company has a vertically integrated technology platform incorporating both software applications and broadband network infrastructure and access. The vertical-specific, enterprise-grade software solutions are designed to help businesses of any size and the government to significantly increase profitability, reduce operating costs, improve productivity and operational efficiencies, enhance safety, and strengthen security. The Company's unique, commercial-grade private network solution is built for enterprises and integrates multiple technologies to enable an ultra high-speed, open-architecture wireless data network for its software applications and Internet access. The Company believes that its vertical-specific software, network technology, deep industry relationships, and low cost of operations represent significant value to the commercial transportation industry and the government market.

SiriCOMM's patent-pending network infrastructure solution provides considerable benefits when compared to other solutions competing in the space.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

The architecture transmits data at speeds of up to 48,000 kilobits per seconds ("kbps"), or 20 to 100 times faster than other wireless solutions such as GSM (9.6 kbps), CDMA2000-1XRTT (144 kbps), or Qualcomm's USAT (2 kbps). SiriCOMM will install network access nodes using Wireless Fidelity (Wi-Fi) access points at strategic locations nationwide. Each wireless local area network is interconnected using satellite communications and the Company's proprietary server solution. The point-to-multipoint broadcast feature of the Company's network provides considerable cost-to-bandwidth efficiencies. SiriCOMM's software applications leverage this optimized data network to deliver significant cost reduction and productivity improvement opportunities to subscribing companies. For a flat, low monthly fee subscribers will have access to a suite of productivity software, the Internet, e-mail, proprietary company intranet information, and similar business tools. Users will connect to the network using any 802.11-compatible device. For the most mobile subscribers, SiriCOMM recommends a Wi-Fi-enabled Palm OS handheld computer. SiriCOMM's solutions are expected to become commercially available during the third quarter of the fiscal year 2005.

The Company plans to market its products and services principally through assorted value added reseller agreements and a select small sales team. As the trucking industry is highly fragmented and comprised of numerous small to medium-sized fleet owners, it is impractical to individually reach these fleets, thus, by using resellers who are similarly selling into this market, the Company can better manage its cost of sales. Similarly, the Company's own salesforce can better expend its efforts on the much larger fleets.

Results of Operations

Revenues

SiriCOMM has generated revenues of \$27,175 and \$33,448 respectively, for the three and six month period ending March 31, 2005 while not generating any revenues during fiscal 2004. Revenues were solely derived from the Company's offering of its InTouch product, or Internet service providing. No advertising or other marketing of this service has been conducted at present and no assurances can be offered that the Company will generate any meaningful revenues from the offering of this service in the future.

Operating Expenses

The Company has increased its number of employees in accounting and software development and entered into consulting agreements which have contributed to the increase in net operating losses. These expenses were necessary to build the Company's infrastructure and improve the Company's Corporate Governance.

During the three and six months ended March 31, 2005, net losses totaled \$817,551 and \$1,313,165 as compared to net losses of \$543,453 and \$1,220,506, for the three and six months ended March 31, 2004, respectively. For the three and six months ending March 31, 2005, SiriCOMM's general and administrative expenses totaled \$186,128 and \$336,320, or 22.% and 25% of total operating expenses, while for the three and six months ended March 31, 2004 general and administrative expenses totaled \$361,576 and \$709,019, or 76.6% and 69.6% of total operating expenses.

For the three and six months ending March 31, 2005, SiriCOMM incurred salaries of \$333,813 and \$569,150, representing 39.6% and 42.4% of operating expenses, as compared to the three and six months ended March 31, 2004, respectively; \$90,554 and \$219,734, or 19.2% and 21.6% of total operating

Edgar Filing: SIRICOMM INC - Form 10QSB/A

expenses.

Satellite access fees have been incurred as a result of the Company's launching of its proprietary network, expenses were realized for the three and six month period ended of \$196,759 and \$290,629, or 23.3% and 21.6% respectively.

For the three and six months ending March 31, 2005, interest expense was \$4,805 and \$9,265 as compared to \$3,903 and \$18,680 during the three month and six months ended March 31, 2004.

Liquidity and Capital Resources

In October, 2004, the Company borrowed \$200,000 on its line of credit facility with Southwest Missouri Bank. The proceeds were paid to Sat-Net in conjunction with the installation and distribution of hotspots.

As of December 31, 2004, SiriCOMM, Inc. consummated the private placement of its units (the "Units") pursuant to a Confidential Investment Proposal dated October 11, 2004 and amended on December 20, 2004. Funds were disbursed from escrow to the Company as of January 3, 2005 and shares and warrant certificates were issued at that time. Each Unit consisted of 50,000 shares (the "Shares") of the Company's common stock and a Common Stock Warrant to purchase 37,500 shares of Common Stock. In the Private Placement, the Company sold an aggregate of 6.38 Units (319,000 Shares and Warrants to purchase 239,250 shares of Common Stock) for an aggregate purchase price of \$638,000, or \$100,000 per Unit.

The Warrants entitle the holders to purchase shares of the Common Stock (the "Warrant Shares") for a period of five years from the date of issuance at an exercise price of \$2.40 per share. The Warrants contain certain anti-dilution rights and are redeemable by the Company, on terms specified in the Warrants.

In connection with the Private Placement, Sands Brothers International Limited, the placement agent in the Private Placement, received a cash commission fee of nine percent (9%) of the gross proceeds to the Company of the securities sold at the closing, a payment of \$30,000 representing the fees and expenses of its counsel in the Private Placement and Warrants (the "Agent Warrants") to purchase ten percent (10%) of the Shares sold in the Private Placement (the "Agent Shares"). The Agent Warrants are exercisable for a period of five years at an exercise price of \$2.40 per share and contain the same anti-dilution rights as the Warrants.

16

Pursuant to the Offering Documents, the Company also agreed to file with the Securities and Exchange Commission a Registration Statement covering the Shares, the Warrant Shares and the Agent Shares. If such Registration Statement is not filed within the required time frame, or does not become effective within 120 days of the closing date, the Company has agreed to pay to the investors 1% of the gross proceeds of the Private Placement for each thirty (30) day period in which the Company fails to comply with such requirements

On January 5, 2005, the Company issued an aggregate of 85,000 shares of its Common Stock upon the exercise of a like number of warrants, exercisable at \$2.00 per share. The warrants were originally issued in January 2004 pursuant to a private placement of the Company's units consisting of common stock and warrants.

As an inducement to the investors exercising their warrants, the Company issued an aggregate of 63,750 new warrants to the investors. The new

Edgar Filing: SIRICOMM INC - Form 10QSB/A

warrants entitle the holders to purchase shares of the Company's common stock reserved for issuance thereunder for a period of five years from the date of issuance at an exercise price of \$2.40 per share. The warrants contain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in the warrants.

As a further inducement to the investors exercising their warrants, the Company also agreed to file with the Securities and Exchange Commission a Registration Statement covering the shares purchased by each investor as part of the units, the shares issued upon exercise of the warrants and the shares underlying the new warrants.

The cash proceeds of the above sales of securities of the Company were used for general corporate purposes in developing the Company's planned services.

The Company will continue its installation plans toward denser coverage of its nation wide network. Additional financing will be required to fund such installations, but there can be no assurances that the Company will be able to obtain such funds under acceptable terms.

On January 24, 2005, the Company repaid the note payable of \$25,000 plus accrued interest to an individual investor.

On January 30, 2005, the Company granted 2,000,000 shares of restricted stock plus 1,000,000 warrants exercisable at \$2.00 for a term of three years to Sat-Net under the terms of a Memorandum of Understanding.

On March 11, 2005, the Company borrowed \$150,000 on its line of credit facility with Southwest Missouri Bank. The proceeds were paid to Via-Sat in conjunction with the installation and distribution of hotspots.

On April 11, 2005, SiriCOMM, Inc consummated the private sale of its securities to Sunflower Capital, LLC. The securities sold consisted of units comprised of shares of the Company's common stock (the "Shares") and warrants to purchase shares of the Registrant's common stock (the "Warrants"). At the closing, the Company sold an aggregate of 1,066,667 units at an aggregate purchase price of \$1,600,000 or \$1.50 per unit. At the closing the Company

17

delivered an aggregate of 1,066,667 Shares and delivered Warrants to purchase an additional 1,066,667 shares of the Company's common stock.

The Warrants entitle the holder to purchase shares of the Company's common stock reserved for issuance thereunder (the "Warrant Shares") for a period of five years from the date of issuance at an exercise price of \$2.50 per share. The Warrants contain certain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in the Warrants.

In a separate transaction also consummated on April 11, 2005 the Company sold 413,605 warrants to Sunflower Capital, LLC at a purchase price of \$53,333 or approximately \$.13 per warrant. These warrants entitle the holder to purchase shares of the Company's common stock reserved for issuance thereunder for a period of five (5) years from the date of issuance at an exercise price of \$3.00 per share. These warrants contain certain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in these warrants.

William P. Moore, a shareholder beneficially owning approximately 9.10% of the issued and outstanding shares of the Company's common stock is the

Edgar Filing: SIRICOMM INC - Form 10QSB/A

managing member of Sunflower Capital, LLC.

The securities discussed above were offered and sold in reliance upon exemptions from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) of the Act and Rule 506 promulgated thereunder. Such securities were sold exclusively to accredited investors as defined by Rule 501(a) under the Act.

Contractual Obligations and Commercial Commitments

Contractual obligations as of March 31, 2005 are as follows:

Contractual Obligations	Payments Due by Period			
	Total	Less than 1 year	1-3 years	4-5 years
Line of credit and note payable	\$ 444,743	\$444,743	\$ -	\$ -
Operating leases	-	-	-	-
Total contractual cash obligations	\$444,743	\$444,743	\$ -	\$ -

Recent Accounting Pronouncements

In December 2003, the FASB issued Interpretation No. 46 (revised), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51," ("FIN 46R"). FIN 46R addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and, accordingly, should consolidate the variable interest entity ("VIE"). Fin 46R replaces FIN46 that was issued in January 2003. All public companies were required to fully implement FIN 46R no later than the end of the

18

first reporting period ending after March 15, 2004. The adoption of FIN 46R had no impact on SiriCOMM's financial condition or results of operations.

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. The approach to accounting for share-based payments in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values and no longer allows pro forma disclosure as an alternative to financial statement recognition. The Company will be required to adopt Statement 123(R) at the beginning of its year ending September 30, 2007. The Company has not determined what financial statement impact Statement 123(R) will have on the Company.

COMMITMENTS

We do not have any commitments that are required to be disclosed in tabular form as of March 31, 2005.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

OFF BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements.

Item 3: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of SiriCOMM's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-QSB/A. Management had previously concluded SiriCOMM's disclosure controls and procedures were effective as of March 31, 2005. However, in connection with the restatement described below, management determined that a material weakness existed in SiriCOMM's internal control over financial reporting. Because of this material weakness, management determined that SiriCOMM's disclosure controls and procedures were not effective as of March 31, 2005 to ensure that all material information required to be included in SiriCOMM's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. To address this material weakness, SiriCOMM's management performed additional analysis to ensure that SiriCOMM's consolidated financial statements

19

were prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, management believes that (i) the consolidated financial statements, as restated, fairly present in all material respects SiriCOMM's financial condition, results of operations and cash flows for the periods presented, and (ii) this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Consideration of the Restatement

The restatement corrects an error in SiriCOMM's consolidated balance sheets as of September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005, related to the treatment of outstanding Series A preferred stock previously classified as permanent equity. The Series A preferred stock provides that the holders may request SiriCOMM to redeem their preferred stock at any time commencing three (3) years from the date of issuance. Following such a request, SiriCOMM must, out of funds legally available therefore, repurchase such shares. SiriCOMM has determined the Series A preferred shares are redeemable shares and should therefore be classified as temporary equity.

Management evaluated the materiality of the correction on its consolidated financial statements using the guidelines of Staff Accounting Bulletin No. 99, "Materiality" and concluded that the effects of the corrections were material to its 2004 annual consolidated financial statements as well as its interim consolidated financial statements for the quarters ended December

Edgar Filing: SIRICOMM INC - Form 10QSB/A

31, 2004, March 31, 2005 and June 30, 2005. Accordingly, management concluded that it would restate its previously issued 2004 annual consolidated financial statements as well as its interim consolidated financial statements for the quarters ended December 31, 2004, March 31, 2005 and June 30, 2005.

Internal Control over Financial Reporting

A material weakness is a control deficiency or combination of control deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected. As of March 31, 2005, SiriCOMM did not maintain effective control over financial reporting to ensure the Series A preferred stock was accurately presented or that the accounting treatment related to the redeemable shares was appropriately reviewed to ensure compliance with accounting principles generally accepted in the United States of America. The transaction related to these redeemable shares was non-routine in nature. Specifically, the Company did not have adequate controls over the classification of the Series A preferred shares subject to redemption requests nor the proper evaluation of the relevant accounting literature related to such shares. This material weakness resulted in a restatement of SiriCOMM's financial statements.

Management's Response to the Material Weaknesses

In response to the material weaknesses described above, we have undertaken to take the following initiatives with respect to our internal controls and procedures that we believe are reasonably likely to improve and materially affect our internal control over financial reporting. We anticipate that remediation will be continuing throughout fiscal 2006, during which we expect to continue pursuing appropriate corrective actions, including the following:

- o Preparing appropriate written documentation of our financial control procedures;
 - o Adding additional qualified staff to our finance department;
- 20
- o Scheduling training for accounting staff to heighten awareness of generally accepted accounting principles applicable to complex transactions;
 - o Strengthening our internal review procedures in conjunction with our ongoing work to enhance our internal controls so as to enable us to identify and adjust items proactively;
 - o Engaging an outside accounting firm to support our Sarbanes-Oxley Section 404 compliance activities and to provide technical expertise in the selection and application of generally accepted accounting principles related to complex transactions to identify areas that require control or process improvements and to consult with us on the appropriate accounting treatment applicable to complex transactions; and
 - o Implementing the recommendations of our outside accounting consultants.

Our management and Audit Committee will monitor closely the implementation of our remediation plan. The effectiveness of the steps we intend to implement is subject to continued management review, as well as Audit Committee oversight, and we may make additional changes to our internal control

Edgar Filing: SIRICOMM INC - Form 10QSB/A

over financial reporting.

We cannot assure you that we will not in the future identify further material weaknesses in our internal control over financial reporting. We currently are unable to determine when the above-mentioned material weaknesses will be fully remediated. However, because remediation will not be completed until we have added finance staff and strengthened pertinent controls, we presently anticipate that we will report in our Annual Report on Form 10-KSB for the year ended September 30, 2005 that material weaknesses continue to exist.

21

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

On December 17, 2004, Henry Hoffman, Kory Dillman, David Mendez, Tom Noland, Richard Iler and Terry Thompson were named defendants in a lawsuit entitled Greg Sanders v. Henry Hoffman et al. Messrs. Hoffman, Dillman, Mendez and Iler are officers and directors of the Company, Mr. Thompson is a director of the Company and Mr. Noland is a former officer and director of the Company. The action was brought in the Circuit Court of Jackson County, Missouri at Kansas City (04CV236387). The action alleges fraud, misrepresentation and breach of fiduciary duty relating to a settlement agreement entered into between the Company and Mr. Sanders. The Company is not a party to this lawsuit. The complaint seeks damages in excess of \$9,679,903. The Company will pay all expenses relating to the defense of this matter. In management's opinion this case is without merit and the defendants intend on defending this matter vigorously.

Item 2: Changes in Securities and Use of Proceeds

(a) None

(b) None

(c) On January 5, 2005 the Company issued an aggregate of 85,000 shares of its Common Stock upon the exercise of a like number of warrants, exercisable at \$2.00 per share. The warrants were originally issued in January 2004 pursuant to a private placement of the Company's units consisting of common stock and warrants.

As an inducement to the seven investors exercising their warrants, the Company issued an aggregate of 63,750 new warrants to the investors. The new warrants entitle the holders to purchase shares of the Company's common stock reserved for issuance thereunder for a period of five years from the date of issuance at an exercise price of \$2.40 per share. The warrants contain anti-dilution rights and are redeemable by the Company, in whole or in part, on terms specified in the warrants.

As a further inducement to the investors exercising their warrants, the Company also agreed to file with the Securities and Exchange Commission a Registration Statement covering the shares purchased by each investor as part of the units, the shares issued upon exercise of the warrants and the shares underlying the new warrants.

On January 25, 2005 the Company pursuant to a contract between Pilot Travel Centers and the Company in consideration for Pilot's permitting the Company to install its broadband wireless network in Pilot's 255 travel centers, has issued 255,000 warrants exercisable for five years at an exercise price of

Edgar Filing: SIRICOMM INC - Form 10QSB/A

\$4.50 per share.

On February 7, 2005, the Company entered into a Network Installation Agreement with Sat-Net Communications, Inc. ("Sat-Net"). Pursuant to the Agreement, the Company issued to Sat-Net 2,000,000 shares of its Common Stock and 1,000,000 Common Stock Purchase Warrants (the "Warrants"). Each Warrant is exercisable for a period of three (3) years at a price of \$2.00 per share. The Warrants are subject to vesting at the rate of 2,500 warrants per truck-stop

22

location installed; provided, however, that the vesting with respect to the first 250 locations will be deemed to occur when the wireless infrastructure is "network operational" as defined in the Agreement. In addition, the 2,000,000 shares of Common Stock have "piggy-back" registration rights.

Sat-Net represents that it is accredited and the issuance of the Company's securities was negotiated between itself and the Company without a broker-dealer or payment of a commission in reliance of Section 4(2) of the Act.

On March 13, 2005, the Company granted 102,500 stock options to various employees, a Director of the Company. These options were granted under the Company's 2002 Equity Incentive Plan. The exercise price of these options ranged from \$1.75 to \$2.00 per share. The shares underlying the options were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On March 16, 2005, the Company issued an aggregate of 10,000 shares to Joel C. Schneider, Esq. (5,000) and Herbert H. Sommer (5,000), partners of the Company's Securities Counsel, Sommer & Schneider LLP. The shares were issued in lieu of \$14,065.25 of legal fees due the firm. The shares were issued under the Company's 2002 Equity Incentive Plan and were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On April 11, 2005, SiriCOMM, Inc. (the "Registrant") consummated the private sale of its securities to Sunflower Capital, LLC. The securities sold consisted of units comprised of shares of the Registrant's common stock (the "Shares") and warrants to purchase shares of the Registrant's common stock (the "Warrants"). At the closing, the Registrant sold an aggregate of 1,066,667 unit sat an aggregate purchase price of \$1,600,000 or \$1.50 per unit. At the closing the Registrant delivered an aggregate of 1,066,667 Shares and delivered Warrants to purchase an additional 1,066,667 shares of the Registrant's common stock.

The Warrants entitle the holder to purchase shares of the Registrant's common stock reserved for issuance thereunder (the "Warrant Shares") for a period of five years from the date of issuance at an exercise price of \$2.50 per share. The Warrants contain certain anti-dilution rights and are redeemable by the Registrant, in whole or in part, on terms specified in the Warrants.

In a separate transaction also consummated on April 11, 2005 the Registrant sold 413,605 warrants to Sunflower Capital, LLC at a purchase price of \$53,333 or approximately \$.13 per warrant. These warrants entitled the holder to purchase shares of the Registrant's common stock reserved for issuance thereunder for a period of five (5) years from the date of issuance at an exercise price of \$3.00 per share. These warrants contain certain anti-dilution rights and are redeemable by the Registrant, in whole or in part, on terms specified in these warrants.

William P. Moore, a shareholder beneficially owning approximately 9.10% of the issued and outstanding shares of the Registrant's common stock is the managing member of Sunflower Capital, LLC.

Edgar Filing: SIRICOMM INC - Form 10QSB/A

The securities discussed above were offered and sold in reliance upon exemptions from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) of the Act and Rule 506 promulgated thereunder. Such securities were sold exclusively to accredited investors as defined by Rule 501(a) under the Act.

23

The Company issued an aggregate of 10,000 shares to Staunton McLane pursuant to the exercise of a stock option for a like number of shares. The exercise price of these options is \$1.00. The Shares underlying the option were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508). As of the date of this report, Staunton McLane has a balance of 38,900 options, each exercisable at \$1.00 per share.

On April 13th, 2005, the Company granted 15,000 stock options to J. Richard Iler, our Chief Financial Officer. These options were granted under the Company's 2002 Equity Incentive Plan. The exercise price of these options is \$1.90 per share. The shares underlying the options were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On April 13th, 2005, the Company granted 10,000 stock options to Terry Thompson, a Director of the Company. These options were granted under the Company's 2002 Equity Incentive Plan. The exercise price of these options is \$1.90 per share. The shares underlying the options were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

The cash proceeds of the above sales of securities of the Company were used for general corporate purposes in developing the Company's planned services.

(d) Not Applicable

Item 3.: Defaults upon Senior Securities

None

Item 4.: Submission of Matters to a Vote of Security Holders

None

Item 5.: Other Information

None

24

Item 6.: Exhibits

The following exhibits are filed as part of this report:

- 31.1 Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- 31.2 Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350

Edgar Filing: SIRICOMM INC - Form 10QSB/A

32.2 Certification of Chief Financial Officer pursuant to
18 U.S.C. Section 1350

25

SIGNATURES

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

Dated: November 1, 2005

SIRICOMM, INC.

By: /s/ Henry P. Hoffman

Henry P. Hoffman, President and
Chief Executive Officer

By: /s/ J. Richard Iler

J. Richard Iler, Executive Vice President
and Chief Financial Officer

26