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
December 31, 2004 — 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 [X] No [ ]

The number of shares outstanding of the Registrant's Common Stock, $.001 par value, as of February 11, 2005 was 16,686,450.

SiriCOMM, Inc. hereby amends and restates in its entirety its Quarterly Report on Form 10-QSB for the period ending Deccember 31, 2004, which was filed on February 14, 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 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

2

SIRICOMM, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2004
(Unaudited)

ASSETS

	Restated
Current Assets	
Cash and cash equivalents	$ 662,07
Prepaid expenses and other	23,17
Total current assets	685,25
Property and Equipment, At Cost	
Equipment	118,79
Network equipment in progress of installation	846,00
	964,79
Less accumulated depreciation	68,15
	896,64
Software, net of amortization	21,78
Other prepaid consulting services	87,21
Total assets	$ 1,690,89

Liabilities and Stockholders' Equity

Current Liabilities	
Note payable to bank	$ 309,60
Current maturities of long-term debt	25,00
Accounts payable	64,26
Accrued salaries	269,12
Other accrued expenses	157,85
Deferred Revenue	3,02
Total current liabilities	828,87
Total liabilities	828,87
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	256,10
Stockholders' Equity	
Common stock - par value $.001; 50,000,000 shares authorized; 16,282,450 shares issued and outstanding	16,27
Additional paid-in capital	8,492,28
Deferred compensation	(722,01
Retained deficit	(7,180,62
Total stockholders' equity	605,91
Total liabilities and stockholders' equity	$ 1,690,89

See Notes to Condensed Consolidated Finanical Statements

3

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	Restated December 31, 2004	Decemb 20
	(Unaudited)	(Unaud
Revenues	$ 6,273	$
Operating Expenses:		
General and administrative	150,193	3

Salaries	235,337	1
Satellite access fees	93,870	
Stock-based compensation	-	
Research and development	12,600	
Depreciation and amortization	7,288	
Total operating expenses	499,288	5
Operating loss	(493,015)	(5
Other Income (Expense)		
Interest income	1,861	
Interest expense	(4,460)	(
Loan costs	-	(1
	(2,599)	(1
Net loss	$ (495,614)	$ (6
Add: Dividends declared on preferred stock	(5,335)	
Loss available to common shareholders	$ (500,949)	$ 6
Basic and diluted loss per common share	$ (0.03)	$
Weighted average shares, basic and diluted	16,270,568	12,9

See Notes to Condensed Consolidated Financial Statements

4

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUIT
(UNAUDITED)
Restated

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compen-sation	Reta Def
For the three months ended December 31, 2003:					
Balance, September 30, 2003	12,966,593	$12,967	$3,847,485	$ -	$(3,9
Conversion of debt to equity, net	225,033	225	193,717	-	
Fair Value for conversion options added to preferred stock	-	-	(21,342)	-	

Stock issued for loan costs	9,842	10	13,671	-	
Stock issued for services	34,000	34	38,590	-	
Stock warrants exercised	176,000	176	87,824	-	
Proceeds from stock issuance	1,440,000	1,440	1,362,809	-	
Issuance of options to employees, net	-	-	50,000	-	
Net loss	-	-	-	-	(6
Balance, December 31, 2003	14,851,468	$14,852	$5,572,754	$ -	$(4,5
For the three months ended December 31, 2004:					
Balance, September 30, 2004	16,255,650	$16,252	$8,379,044	$(722,016)	$(6,6
Stock options exercised	26,800	27	26,773	-	
Stock options issued for services	-	-	91,800	-	
Accrued dividends	-	-	(5,335)	-	
Net loss	-	-	-	-	(4
Balance, December 31, 2004	16,282,450	$16,279	$8,492,282	$(722,016)	$(7,1

See Notes to Condensed Consolidated Financial Statements

5

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Mo
	December 31, 2004 (Unaudited)
Operating Activities	
Net loss	$ (495,614)
Items not requiring cash	
Depreciation	7,288
Loan costs	-
Stock-based compensation	-
Other non-cash charges	-
Changes in assets and liabilities:	
Current assets	(2,024)
Current liabilities	128,401
Net cash flows used in operating activities	(361,949)
Investing Activities	
Purchase of equipment	(209,992)
Net cash flows used in investing activities	(209,992)

Financing Activities	
Borrowings under line of credit, net	200,000
Payment of notes payable	(12,396)
Proceeds from sale of common stock	26,800
Net cash flows provided by financing activities	214,404
Increase (Decrease) in Cash	(357,537)
Cash and Cash Equivalents, beginning of period	1,019,616
Cash and Cash Equivalents, end of period	$ 662,079

See Notes to Condensed Consolidated Finanical Statements

SIRICOMM, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Three Mo
	December 31, 2004
	(Unaudited)
Supplemental Cash Flows Information	
Interest paid	$ 4,208
Stock options issued in exchange for prepaid consulting services	$ 91,800
Accrued dividends for Series A preferred stock	$ 5,335
Issuance of 34,000 shares of common stock for services	$ -
Conversion of debt to equity	$ -
Issuance of 9,842 shares of common stock for loan costs	$ -
Stock offering costs funded through issuance of stock	$ -
Fair value of conversion options added to preferred stock	$ -

See Notes to Condensed Consolidated Financial Statements

7

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(UNAUDITED)

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 transportation industries. The Company opened its network in December 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 most 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.

Interim Information:

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.

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 30, 2004 filed with the Securities and Exchange Commission.

8

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(UNAUDITED)

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.

	Three Months Ended December 31, 2004	2003
	(Unaudited)	(Unaudited)
Net loss, as reported	$ (495,614)	$ (677,053)
Add back intrinsic values of stock issued to employees	--	50,000
Less: stock-based employee compensation under the fair value based method	(14,669)	(165,640)
Pro forma net loss under fair value method	$ (510,283)	$ (792,693)
Net loss per common share-basic and diluted:		
As reported	$ (.03)	$ (.05)
Pro forma under fair value method	$ (.03)	$ (.06)

SIRICOMM, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003
(UNAUDITED)

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 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 December 31, 2003 financial statements to conform to the December 31, 2004 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.

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.

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.

5. Subsequent Events:

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

5. Subsequent Events (continued):

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.

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 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

5. Subsequent Events (continued):

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 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; 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.

6. Restatement of Prior Financial Statements

During the fourth quarter of fiscal 2005 the Company changed its method of accounting for it Series A redeemable, convertible preferred stock. The December 31, 2004 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 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 December 31, 2004 have decreased from the previously reported totals by $21,342 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.

13

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 had completed and opened 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. While revenues have been produced from the completed first phase, there are no guarantees of meaningful revenues in the future.

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 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. Currently, the Company uses the trinomial 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 Black-Scholes pricing model was used during fiscal year 2004. The following estimates are used for grants in fiscal years 2005 and 2004: 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.

15

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 productivity enhancing solutions are expected to become commercially available during the third quarter of the year 2005.

Results of Operations

During the quarter ended December 31, 2004, the Company completed and activated 255 access points on its network and commenced selling its InTouchTM Internet Service. As a result the Company generated revenue of $6,273 compared to $0 in the same period last year.

During the three months ended December 31, 2004, net losses totaled $495,614. For the three months ending December 31, 2004, SiriCOMM's general and administrative expenses totaled $150,193 or 30.1 % of total operating expenses, while for the three months ended December 31, 2003 general and administrative expenses totaled $347,343 or 63.6% of total operating expenses. The decrease was mostly attributable to decreased professional expenses and other costs associated with raising debt or equity financing. For the three months ending December 31, 2004, SiriCOMM incurred salaries of $235,337, or 47.1% of operating expenses, as compared to the three months ended December 31, 2003, $129,180, or 23.7% of total operating expenses. The increase was due to the addition of several individuals necessary to continue the growth goals of the Company. Network access fees of $93,870 had been incurred in the three month period ending December 31, 2004 as the Company commenced operations of its network. The previously mentioned changes resulted in the total operating expenses decreasing to $499,288 in 2005 from $546,146 in 2004.

For the three months ending December 31, 2004, interest expense was $4,460 as compared to $14,777 for the three months ending December 31, 2003.

Network equipment in progress of installation increased in the three month period ended December 31, 2004, to $846,000 from $646,000 for fiscal year ended September 30, 2004, as the Company made a further progress payment on the installation of the 255 WLAN sites.

Other accrued expenses increased to $157,858 for the three month period ended December 31, 2004 compared to $45,928 as of September 30, 2004, as the Company incurred network access fees from opening its network for commercial usage.

16

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.

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.

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 (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

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 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 are to be 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 may be required to fund such installations, and 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.

In February 2005, the Company agreed to issue 2,000,000 shares of restricted common stock plus 1,000,000 three-year warrants exercisable at $2.00 to Sat-Net Communications, Inc. pursuant to the terms of the Network Installation Agreement dated February 7, 2005. The Company expects to issue these securities in the near future.

Contractual Obligations

Contractual obligations as of December 31, 2004 are as follows:

	Payments Due by Period			
Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years

Line of credit and note payable	$334,604	$334,604	$ -	$ -
Operating leases	-	-	-	-
Total contractual cash obligations	$334,604	$334,604	$ -	$ -

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 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 quarter ending March 31, 2006. 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 December 31, 2004.

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 December 31, 2004. 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 December 31, 2004 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 it's 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 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 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 December 31, 2004, 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:

- Preparing appropriate written documentation of our financial control procedures;
- Adding additional qualified staff to our finance department;
- Scheduling training for accounting staff to heighten awareness of generally accepted accounting principles applicable to complex transactions;
- 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;
- 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
- 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 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.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

On December 17, 2004, Henry Hoffman, Kory Dilman, 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, Dilman, 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 October 18, 2004 and December 15, 2004, Mr. J. Richard Iler, the Company's Chief Financial Officer and a Director, exercised 700 and 800 stock options, respectively, at $1.00 per share. The options were previously granted pursuant to the Company's 2002 Equity Incentive Plan. These shares are registered on Form S-8 filed with the SEC on April 14, 2003 (SEC File No. 333-104508).

As of November 1, 2004, Ms. Jackie Seneker, an employee of the Company, exercised 7,500 stock options at $1.00 per share. The options were previously granted pursuant to the Company's 2002 Equity Incentive Plan. These shares are registered on Form S-8 filed with the SEC on April 14, 2003 (SEC File No. 333-104508).

In October 2004, the Company issued 255,000 Common Stock Purchase Warrants to Pilot Travel Centers. These Warrants expire on May 27, 2009 and are exercisable at the rate of $4.50 per share.

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.

22

In connection with the Private Placement, Sands Brothers International Limited, the placement agent in the Private Placement, received 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.

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 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.

Pursuant to the Agreement (defined below), the Company agreed to issue 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 (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 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. The Company expects to issue these securities in the near future.

The cash proceeds of the above sales of securities of the Company are to be 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

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 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 per site.

As discussed above, the Company agreed to issue to Sat-Net as additional consideration 2,000,000 shares of its Common Stock and 1,000,000 warrants.

Item 6.: Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

10.1	Form of Subscription Agreement (Incorporated by referenced to Exhibit 10.1 of Form 8-K Report dated December 31, 2004)
10.2	Form of Common Stock Purchase Warrant (Incorporated by referenced to Exhibit 10.2 of Form 8-K Report dated December 31, 2004)
10.3	Form of Common Stock Purchase Warrant (Incorporated by referenced to Exhibit 10.1 of Form 8-K Report dated January 5, 2005)
10.4	Form of Registration Rights Agreement (Incorporated by referenced to Exhibit 10.2 of Form 8-K Report dated January 5, 2005)
10.5	Network Installation Agreement between the Company and Sat-Net Communications, Inc. dated February 7, 2005 (Incorporated by referenced to Exhibit 10.1 of Form 8-K dated February 7, 2005)
10.6	Form of Registration Rights Agreement (Incorporated by referenced to Exhibit 10.2 of Form 8-K dated February 7, 2005)
10.7	Form of Warrant (Incorporated by referenced to Exhibit 10.3 of Form 8-K dated February 7, 2005)
10.8	Network Access Services Agreement dated February 7, 2005 between the Company and Idling Solutions, L.L.C.

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
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