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

Form 10-QSB

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2004

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____

Commission file number: 000-30536

FoneCash, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-3530573
(I.R.S. Employer
Identification No.)

162 M Homestead Street, Manchester, CT
(Address of principal executive offices)

06040
(Zip-Code)

Registrant's telephone number, including area code: (860) 805-0701

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 such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12,13,or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

The number of outstanding shares of the registrant's Common Stock, par value \$.0001 per share, was 98,574,056 on June 30, 2004.

SEC 2334 (8-03) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Fonecash, Inc.
Quarterly Report on Form 10-QSB
For the Quarter Ended on June 30, 2003

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FONECASH, INC. AND SUBSIDIARIES

(A Development Stage Company)

Consolidated Balance Sheets

	<u>ASSETS</u>	
	June 30, 2004	December 31, 2003
Current assets:		
Accounts receivable	\$ --	\$ --
Inventory	--	--
Prepaid expenses	--	--
Total Current Assets	<u>--</u>	<u>--</u>
Property and equipment, net	<u>--</u>	<u>--</u>
Other assets:		
Patent rights, net	--	--
Total Assets	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>
 <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable	\$ 452,691	\$ 445,487
Due to officer/stockholder	636,743	584,243
Notes payable	252,881	252,881
Total Current Liabilities	<u>1,342,315</u>	<u>1,282,611</u>
Stockholders' deficit :		
Preferred stock; \$.0001 par value; authorized - 10,000,000 shares; issued - none	--	--
Common stock; \$.0001 par value; authorized - 500,000,000 shares; issued and outstanding - 98,574,056 shares	9,857	9,857
Additional paid-in capital	4,410,353	4,410,353
Treasury stock, 500 shares at cost	(1,500)	(1,500)
Deficit accumulated during the development stage	(5,761,025)	(5,701,321)
Total Stockholders' (Deficit)	<u>(1,342,315)</u>	<u>(1,282,611)</u>
Total Liabilities and Stockholders' (Deficit)	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(A Development Stage Company)

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Aug. 7, 1997 (Inception) to June 30, 2004
Revenue:			
Sales	\$ --	\$ --	\$ 10,840
Cost of sales	<u>--</u>	<u>--</u>	<u>5,662</u>
Gross profit	--	--	5,178
Interest income	<u>--</u>	<u>--</u>	<u>5,257</u>
Total revenue	<u>--</u>	<u>--</u>	<u>10,435</u>
Costs and expenses:			
Depreciation	--	--	210,426
Amortization	--	--	4,118
Research and development, related party	--	--	432,256
Officer's compensation	52,500	52,500	1,135,820
Impairment of investment in related party	--	--	50,000
Impairment of investment in subsidiaries	--	--	450,000
Loss on disposition of assets	--	--	11,449
SEC litigation settlement	--	--	110,977
General and administrative	<u>7,204</u>	<u>7,355</u>	<u>3,366,414</u>
	<u>59,704</u>	<u>59,855</u>	<u>5,771,460</u>
Net loss	\$ <u><u>(59,704)</u></u>	\$ <u><u>(59,855)</u></u>	\$ <u><u>(5,761,025)</u></u>
Basic and diluted loss per common share	\$ <u><u>(.00)</u></u>	\$ <u><u>(.00)</u></u>	
Weighted average common shares outstanding	<u>98,574,056</u>	<u>59,458,034</u>	

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Changes in Stockholders' Equity
For the Period August 7, 1997 (Inception) to June 30, 2004

	Common Stock		Additional	Treasury Stock		Deficit
	Shares	Amount	Paid-in	Shares	Amount	Accumulated
			Capital			During the
						Development
						Stage
Balances, August 7, 1997 (inception)	--	\$ --	\$ --	--	\$ --	\$ --
Common stock issued for services and costs advanced, valued at \$.0001 per share	2,000,000	200	--	--	--	--
Common stock issued for services, valued at \$.15 per share	200,000	20	29,980	--	--	--
Net loss for the period						(61,404)
Balances, December 31, 1997	2,200,000	220	29,980	--	--	(61,404)
Sale of common stock (\$.4156 per share)	204,500	20	84,965	--	--	--
Net loss						(95,211)
Balances, December 31, 1998	2,404,500	240	114,945	--	--	(156,615)
Sale of common stock (\$.7622 per share)	1,098,505	110	837,160	--	--	--
Services contributed by the president of the Company	--	--	60,000	--	--	--
Common stock issued for services, valued at \$.81 per share	333,333	33	269,967	--	--	--
Net loss						(785,366)
Balances, December 31, 1999	3,836,338	383	1,282,072	--	--	(941,981)

(continued)

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES

(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Equity

For the Period August 7, 1997 (Inception) to June 30, 2004

	Common Stock		Additional	Treasury Stock		Deficit
	Shares	Amount	Paid-in	Shares	Amount	Accumulated
			Capital			During the
						Development
						Stage
Sale of common stock (\$1.25 per share)	25,000	3	31,247	--	--	--
Common stock issued for services, valued at \$.11 per share	1,466,667	147	157,353	--	--	--
Common stock issued for services, valued at \$.5312 per share	623,367	62	331,071	--	--	--
Purchase of treasury stock	--	--	--	500	(1,500)	--
Net loss						(897,368)
Balances, December 31, 2000	5,951,372	\$ 595	\$ 1,801,743	500	\$ (1,500)	\$ (1,839,349)
Common stock issued for services, valued at \$.12 per share	6,959,708	696	858,080	--	--	--
Sale of common stock (\$.017 per share)	1,087,976	109	17,891	--	--	--
Common stock issued in acquisition of subsidiaries, valued at \$.50 per share	900,000	90	449,910	--	--	--
Net loss						(1,878,498)
Balances, December 31, 2001	14,899,056	\$ 1,490	\$ 3,127,624	500	\$ (1,500)	\$ (3,717,847)
Sale of common stock (\$.012 per share)	10,746,826	1,074	122,878	--	--	--
Common stock issued for services, valued at \$.03 per share	32,928,174	3,293	1,123,851	--	--	--
Net loss						(1,857,167)
Balances, December 31, 2002	58,574,056	5,857	4,374,353	500	(1,500)	(5,575,014)

(continued)

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Changes in Stockholders' Equity
For the Period August 7, 1997 (Inception) to June 30, 2004

	Common Stock		Additional	Treasury Stock		Deficit
	Shares	Amount	Paid-in	Shares	Amount	Accumulated
			Capital			During the
						Development
						Stage
Common stock issued for services, valued at \$.001 per share	17,000,000	1,700	15,300	--	--	--
Common stock issued as repayment of related party debt, valued at \$.001 per share	23,000,000	2,300	20,700	--	--	--
Net loss						(126,307)
Balances, December 31, 2003	98,574,056	9,857	4,410,353	500	(1,500)	(5,701,321)
Net loss for the period						(59,704)
Balances, June 30, 2004	98,574,056	\$ 9,857	\$ 4,410,353	500	\$ (1,500)	\$ (5,761,025)

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES

(A Development Stage Company)

Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Aug. 7, 1997 (Inception) to June 30, 2004
Cash flows from operating activities:			
Net loss	\$ (59,704)	\$ (59,855)	\$ (5,761,025)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	--	--	210,426
Amortization	--	--	4,118
Common stock issued for services	--	17,000	2,851,753
Common stock issued in acquisition of subsidiaries	--	--	450,000
Common stock issued to officer in payment of debt	--	23,000	23,000
Notes issued for payment of expenses	--	--	41,280
Write-down of lost inventory	--	--	204,338
Write off uncollectible accounts	--	--	10,840
Loss on disposition of assets	--	--	11,449
Changes in assets and liabilities			
Increase in accounts receivable	--	--	(10,840)
Increase in inventory	--	--	(204,338)
Increase (decrease) in accounts payable	7,204	7,355	452,691
Net cash used in operating activities	<u>(52,500)</u>	<u>(12,500)</u>	<u>(1,716,308)</u>
Cash flows from investing activities:			
Organization costs	--	--	(368)
Purchases of property and equipment	--	--	(220,625)
Acquisition of patent rights	--	--	(5,000)
Net cash used in investing activities	<u>--</u>	<u>--</u>	<u>(225,993)</u>
Cash flows from financing activities:			
Proceeds from short-term debt	--	--	274,949
Repayment of short-term debt	--	--	(63,348)
Increase (decrease) in amounts due to an officer/stockholder	52,500	12,500	636,743
Purchase of treasury stock	--	--	(1,500)
Proceeds from sale of common stock	--	--	1,095,457
Net cash provided by financing activities	<u>52,500</u>	<u>12,500</u>	<u>1,942,301</u>
Net increase (decrease) in cash	--	--	--
Cash at beginning of period	--	--	--
Cash at end of period	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>

The accompanying notes are an integral part of these statements.

FONECASH, INC. AND SUBSIDIARIES
(A Development Stage Company)
Six Months Ended June 30, 2004
Notes to Consolidated Financial Statements

Note 1 – Condensed Consolidated Financial Statements

Basis of Presentation

The accompanying interim unaudited consolidated financial statements include the accounts of FoneCash, Inc. and its subsidiaries which are hereafter referred to as (the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, such interim statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for these interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2004.

These financial statements should be read in conjunction with the audited financial statements and footnotes included in the Company's report on Form 10-KSB for the year ended December 31, 2003.

Description of Business

The financial statements presented are those of FoneCash, Inc. and its subsidiaries, a development stage company (the "Company"). The Company was incorporated under the laws of the State of Delaware on August 7, 1997. The Company ceased operations in the fourth quarter of 2002. The Company's initial business activity was to acquire the rights to market an electronic terminal that was to be used by retail merchants and in-home salespersons when payment was made with a credit or debit card. Currently the Company is seeking a merger candidate. The Company has limited operations and in accordance with Statement of Financial Accounting Standards No. 7 (SFAS #7), the Company is considered a development stage company.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Loss Per Common Share

Loss per common share is computed by dividing the net loss by the weighted average shares outstanding during the period.

Item 2. Management's Discussion and Analysis

This Quarterly Report on Form 10-QSB, including the information incorporated by reference herein, includes "forward looking statement" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Securities Act of 1934, as amended ("Act of 34"). All of the statements contained in this Quarterly Report on Form 10-QSB, other than statements of historical fact, should be considered forward looking statements, including, but not limited to, those concerning the Company's strategies, objectives and plans for expansion of its operation, products and services and growth in demand for its products and services. There can be no assurances that these expectations will prove to have been correct. Certain important factors that could cause actual results to differ materially from the Company's expectations (the "Cautionary Statements") are disclosed in this Quarterly report on Form 10-QSB. All subsequent written and oral forward looking statements by or attributable to the Company or persons acting on behalf are expressly qualified in their entirety by such Cautionary Statements. Investors are cautioned not to place undue reliance on these forward looking statements which speak only as of the date hereof and are not intended to give any assurance as to future results. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or reflect the occurrence of unanticipated events.

Fonecash, Inc. (the "Company") was incorporated under the laws of the State of Delaware on August 7, 1997 and is in its development stage. The Company currently has no ongoing business operation and is actively seeking a potential merger or acquisition candidate. The Company has not yet found such a candidate and as of this date no negotiations have been conducted with any potential candidate.

The Company incurred operating losses of \$ (5,771,460) from Inception to June 30, 2004. The Company expects its accumulated deficit to grow for the foreseeable future as total costs and expenses continue without any revenue or business activity. There can be no assurances that the Company will locate a potential merger or acquisition candidate or that if such a candidate is located that management can successfully negotiate and consummate a business combination with any such entity.

General

Fonecash, Inc. (the "Company") was incorporated under the laws of the State of Delaware on August 7, 1997. During the fourth quarter of December 2002, the Company began to wind down its operations. This occurred because of management's inability to raise sufficient funds to finance the continued development of the Company's business plan.

Until that point, the Company had been engaged in the payment processing of transactions for banks and their merchants through its terminals and proprietary system. As part of that operation, the Company was developing a wired and wireless gateway to convert consumers' credit and debit card information collected by mobile merchants into a format that can be processed by banks. The Company intended to act as a payment system service provider between banks, mobile merchants and their customers. The Company intended to charge merchants a fixed transaction fee to process their payments.

Currently, the Company remains in development stage and it has no operating profits to date. With the cessation of its pursuit of the credit card processing business, the Company currently has no business operations. The Company is actively seeking a possible merger candidate in an effort to provide shareholders value.

The Company incurred operating losses of \$59,704 during the period ended June 30, 2004 compared to a loss of \$59,855 during the same period in 2003. This decrease in the Company's operating loss of \$ 151 was attributable to a reduction of General and Administrative Expenses. The Company spent a total of \$432,256 on Research and Development from Inception to June 30, 2004. The Company expects its accumulated deficit to grow for the foreseeable future.

The Company's Operations to Date

The Company was developing a system of processing credit cards for an under served community of low volume merchants and in-home salespersons consisting of a fixed wire or wireless terminal and a system of computers, utilizing established communications networks, both wired and wireless, for processing the data from credit and debit cards. The Company ceased this operation during the fourth quarter of 2002.

The Company has never operated under any other name, nor has it ever been involved with any bankruptcy, receivership or similar proceeding or engaged in any material reclassification, merger, consolidation, or purchase or sale of assets.

Results of Operation

General and administrative expenses during the period ending June 30, 2004 were \$7,204 as compared to \$7,355 for the same period in 2003, representing a decrease of \$151.

Balance Sheet Data

The Company's combined cash and cash equivalents totaled \$ -0- for the period ending June 30, 2004. This is the same as at the end of the same period in 2003.

The Company does not expect to generate a positive internal cash flow for at least the next six months due to it having no current revenue generating activities.

Property and equipment was valued at \$ -0- the period ending June 30, 2004 which is the same amount as in 2003 for the same period.

Item 3. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the principal executive officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings. As such no changes were made in controls and procedures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company was served with a summons and complaint for failure to pay the monthly payments on its line of credit with Fleet National Bank. Pursuant to the lawsuit, the Company would be liable to Fleet National Bank for the outstanding principal balance of \$107,645 plus attorney's fees. Management has indicated its intentions to defend the action and will repay the principal balance in monthly installments upon receipt of capital contributions from investors.

On April 8, 2002 the Securities and Exchange Commission filed a complaint alleging that a registration statement and amendments, filed with the Commission by the Company in December 2001, January 2002 and March 2002, and signed by the former president of the Company, Daniel E. Charboneau, contained material misrepresentations and omissions. On January 6, 2004, a United States District Judge from the District of Columbia entered a default judgment against the Company restraining the Company from further violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13a-13 of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder. As part of this order the Court also ordered penalties and interest in the amount of \$110,977.

Item 2. Changes in Securities

None.

Items 3. Defaults upon Senior Securities

None

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

None

Item 5. Other Information

None

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

(a) Exhibits.

Exhibit 31.1 – Certification required by Rule 13a-14(a) or Rule 15d-14(a),

Exhibit 32.1 – Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

(b) The Registrant filed no reports on Form 8-K during the period ended June 30, 2004.

Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned who is duly authorized to sign as an officer and as the principal officer of the Company.

Fonecash, Inc

By: /s/ Abraham Pierce

Abraham Pierce, Chairman/CEO

Date: January 10, 2005

CERTIFICATION

I, Abraham Pierce, certify that:

- (1) I have reviewed this Form 10QSB of Fonecash, Inc;
- (2) Based on my knowledge, 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;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: January 10, 2005

/s/ Abraham Pierce

Abraham Pierce
President and Chief Executive Officer

CERTIFICATION PURSUANT TO THE SARBANES-OXLEY ACT
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Abraham Pierce, President and Chief Executive Officer of Fonecash, Inc. (the "Company") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This Quarterly Report on 10QSB of the Company for the period ended June 30, 2004 as filed with the Securities and Exchange Commission (the "report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 10, 2005

/s/ Abraham Pierce

Abraham Pierce
President and Chief Executive Officer