

Edgar Filing: VOIP INC - Form 10QSB

VOIP INC  
Form 10QSB  
May 16, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-QSB

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(Mark one)  
X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
-----  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
-----  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

-----  
Commission File Number: 000-28985  
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VoIP, Inc.  
(Exact name of small business issuer as specified in its charter)

Texas

75-2785941

-----  
(State of incorporation)

-----  
(IRS Employer ID Number)

12330 SW 53rd Street, Suite 712, Fort Lauderdale, FL 33330  
-----

(Address of principal executive offices)

(954) 434-2000

(Issuer's telephone number)  
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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO  
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State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: May 03, 2005: 26,578,132

Transitional Small Business Disclosure Format (check one): YES NO X

Registrant is an accelerated filer (check one): YES NO X

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VoIP, Inc.

Form 10-QSB for the Quarter ended March 31, 2005

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## PART I - FINANCIAL INFORMATION

### Item 1 - Financial Statements

VoIP Inc.  
Consolidated Balance Sheets  
March 31, 2005 and December 31, 2004

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	(Unaudited)	(Audited)
	Mar. 31, 2005	Dec. 31, 2004
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 925,534	\$ 1,141,205
Accounts receivable, net of allowance of \$98,197 and \$136,795 respectively	1,234,173	818,071
Due from related parties	245,402	245,402
Inventory	965,181	187,451
Assets from discontinued operations	392,000	412,419
Other current assets	232,168	43,702
	-----	-----
Total Current Assets	3,994,458	2,848,250
Property and equipment, net	421,240	419,868
Intangibles	6,923,854	6,923,854
Other assets	80,816	23,580
	-----	-----
TOTAL ASSETS	\$ 11,420,368	\$ 10,215,552
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,491,035	\$ 1,224,974
Notes payable	1,209,334	760,000
Other current liabilities	65,196	123,140
	-----	-----
Total current liabilities	2,765,565	2,108,114
	-----	-----
Shareholders' equity:		
Common stock - \$0.001 par value 100,000,000 shares authorized 26,378,132 and 24,258,982 issued and outstanding respectively	26,379	24,259
Additional paid-in capital	14,775,107	12,722,565
Accumulated deficit	(6,146,683)	(4,639,386)
	-----	-----
Total shareholders' equity	8,654,803	8,107,438
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 11,420,368	\$ 10,215,552
	=====	=====

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

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VoIP Inc.  
Consolidated Statements of Operations  
For Three Months Ended March 31, 2005 and 2004

	(Unaudited)	(Unaudited)
	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
	-----	-----
Revenues	\$ 2,007,147	\$ --
Cost of Sales	1,800,935	--
	-----	-----
Gross Profit	206,212	--
Operating expenses		
Compensation and related expenses	815,370	--
General and administrative expenses	898,139	22,324
	-----	-----
Loss from operations	(1,507,297)	(22,324)
Provision for income taxes	--	--
	-----	-----
Net loss	\$ (1,507,297)	\$ (22,324)
	=====	=====
Basic and diluted loss per share:	\$ (0.06)	\$ (0.01)
Weighted average number of shares outstanding	25,705,857	1,730,939
	=====	=====

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

VoIP Inc.  
Consolidated Statements of Cash Flows  
Three Months ended March 31, 2005 and 2004

	(Unaudited)	(Unaudited)
	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004

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Cash flows from operating activities		
Net loss	\$ (1,507,297)	\$ (22,324)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	47,980	--
Common shares issued for services	28,325	--
Stock option plan	108,713	--
Common shares exchanged for warrants	239,500	--
Changes in operating assets and liabilities:		
Accounts receivable	(416,102)	--
Assets from discontinued operations	20,419	--
Inventory	(777,730)	(233)
Other current assets	(188,466)	(3,750)
Accounts payable	266,061	10,308
Other current liabilities	(57,944)	--
Net cash used in operating activities	(2,236,541)	(15,999)
Cash flows from investing activities		
Purchase of property and equipment	(49,352)	--
Purchase of other assets	(57,236)	--
Net cash used in investing activities	(106,588)	--
Cash flows from financing activities		
Proceeds from issuance of notes payable	1,040,000	--
Payments on notes payables	(590,667)	--
Proceeds from sales of common stock	1,678,125	12,500
Net cash provided by financing activities	2,127,458	12,500
Change in cash and cash equivalents	(215,671)	(3,499)
Cash and cash equivalents at beginning of period	1,141,205	3,499
Cash and cash equivalents at end of period	\$ 925,534	\$ --
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 13,088	\$ --

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

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### Note A - Organization and Description of Business

The Company was incorporated on August 3, 1998 under its original name of Millennia Tea Masters, Inc. under the laws of the State of Texas.

On February 27, 2004 the Company entered into a stock purchase agreement that provided for the sale of 12,500,000 shares of its common stock in exchange for \$12,500 and a commitment by the purchaser to contribute the assets of two start-up companies in the telecommunications business, eGlobalphone, Inc. and VOIP Solutions, Inc.

On April 13, 2004 the Company changed its name to VoIP, Inc. and began to develop and manufacture innovative IP telephony customer premise equipment, provide premium voice over the internet subscriber based telephony services and state of the art long range WiFi technology solutions, for residential and enterprise customers, including multimedia applications.

During December 2004 the Company decided to exit the tea import business in order to focus its efforts and resources in the "Voice over Internet Protocol" (VoIP) telecommunications industry. In connection with the decision the Company sold its imported tea inventory and began to wind down its tea import operations. The assets, liabilities, and results of operations of the imported tea business has been classified as discontinued operations on the accompanying consolidated financial statements.

The Company offers quality Voice over IP (VoIP) based solutions offering residential and business customers more user friendly and affordable ways to communicate. VoIP, Inc. also manufactures products and provides services to Internet Service Providers, Telecommunication Service Providers and Cable Operators in strategic countries around the world. VoIP, Inc., through its subsidiaries, provides a comprehensive portfolio of IP multimedia-based solutions ranging from subscriber based voice services, to SIP based infrastructure design and deployment, to broadband customer premise equipment design and implementation services, as well as engineering design, manufacturing and distribution of wireless broadband technology.

The Company's operations consist of one segment.

### Note B - Summary of Significant Accounting Policies

#### Principles of Consolidation

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The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, eGlobalphone, Inc., VoIP Solutions, Inc., DTNet Technologies, Inc., and VoIP Americas, Inc. from their respective dates of acquisition. All significant inter-company balances and transactions have been eliminated in consolidation.

#### Unaudited Consolidated Interim Financial Statements

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The accompanying consolidated financial statements for the three months ended March 31, 2005 and 2004 are unaudited but, in the opinion of management, include all necessary adjustments (consisting of normal, recurring in nature) for a fair presentation of the financial position, results of operations and cash flow for the interim periods presented. Interim results are not necessarily indicative of results for a full year. Therefore, the results of operations for the three months ended March 31, 2005 are not necessarily indicative of operating results to be expected for a full year.

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### Use of Estimates

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

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### Cash and cash equivalents

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For purposes of reporting cash flows, the Company considers all cash on hand, in banks, including amounts in book overdraft positions, certificates of deposit and other highly liquid debt instruments with a maturity of three months or less at the date of purchase to be cash and cash equivalents. Cash overdraft positions may occur from time to time due to the timing of making bank deposits and releasing checks, in accordance with the Company's cash management policies.

### Accounts Receivable

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Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the reserve method based on its assessment of the current status of the individual receivables and after using reasonable collection efforts. As of March 31, 2005 the balance of the allowance for uncollectible accounts amounted to \$98,197. There was an allowance of \$136,795 as of December 31, 2004.

### Inventory

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Inventory consists of finished goods and is valued at the lower of cost or market using the first-in, first-out method.

### Advertising expenses

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Advertising and marketing expenses are charged to operations as incurred.

### Income Taxes

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Income taxes - The Company and its subsidiaries file consolidated federal and state income tax returns. The Company has adopted Statement of Financial Accounting Standards No. 109 in the accompanying consolidated financial statements. The only temporary differences included therein are attributable to differing methods of reflecting depreciation for financial statement and income tax purposes.

### Earnings (loss) per share

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Basic earnings (loss) per share is computed by dividing the net income (loss) for the period by the weighted-average number of shares of common stock outstanding. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method.

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### Fair Value of Financial Instruments

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The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

### Revenue Recognition

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Revenue from product sales is recognized when persuasive evidence of an arrangement exists, delivery to customer has occurred, the sales price is fixed and determinable, and collectibility of the related receivable is probable. The recognition of revenues from Internet telephony services are deferred for new subscribers of eGlobalphone and VoIP Solutions until it deems that the customer has accepted the service. Subsequent revenues are recognized at the beginning of each customer's month.

### Property, plant, and equipment

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Property, plant, and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the related assets using the straight line method. The useful life of assets ranges from three to five years. The leasehold improvements are amortized over the life of the related lease.

### Business combinations

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The Company accounts for business combinations in accordance with Statement of Financial Accounting Standard No. 141 Business Combinations ("SFAS No. 141"). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. SFAS No. 141 requires that goodwill and intangible assets

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with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually by comparing carrying value to the respective fair value in accordance with the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). This pronouncement also requires that the intangible assets with estimated useful lives be amortized over their respective estimated useful lives.

### Impairment of long-lived assets

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VoIP, Inc. reviews the recoverability of its long-lived assets, such as plant, equipment and intangibles when events or changes in circumstances occur that indicate that the carrying value of the asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

### Note C - Intangibles

As of March 31, 2004 intangibles consist of the following:

Goodwill - acquisition of DTNet Technologies, Inc.	\$5,210,553
Goodwill - acquisition of Voipamericas, Inc.	1,408,301
Intellectual property	305,000



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Total \$6,923,854  
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The goodwill on the acquisition of DTNet Technologies, Inc. (DTNet) represents the fair market value of DTNet liabilities as of the date of the acquisition plus \$4,750,000 which represents the market value of 2,500,000 shares of Company stock issued pursuant to its acquisition.

The goodwill on the acquisition of Voipamericas represents the fair market value of Voipamericas liabilities as of the date of the acquisition plus \$1,100,000 which represents the market value of 1,000,000 shares of the Company's stock pursuant to this acquisition.

Intellectual property is carried at cost which is comprised of \$200,000 paid in cash and the value assigned to 100,000 Company common shares and 400,000 warrants issued pursuant to this transaction. The valuation of the shares was \$1.05 while the value was \$105,000. The value of the warrants was determined using the Black-Scholes model calculated as of October 14, 2004. This model uses the annualized deviation calculation and utilized industry averages as a comparison for adequate statistical results in the valuation. This is a standard financial model that considers the statistical annual volatility of the market changes in a stock price.

Intellectual property consists of the following:

- a) all rights of the Company of Record in the telephone numbers 1(800)TALKTIME, 1(888)TALKTIME, AND 1(877)TALKTIME.COM
- b) all rights to the URL's (domain names) 800TALKTIME.COM, 1800TALKTIME.COM, and 1-800-TALKTIME.COM
- c) all rights to U.S. Trademark Registration No. 2,209,316 directed to the mark 1-800-TALKTIME and the goodwill associated therewith.

Note D - Exchange of Warrants for Shares

In February, 2005 an executive of the Company and the Company agreed to exchange his 2,200,000 warrants for 750,000 restricted shares of the Company. This created additional compensation of \$239,500, shown in the compensation and related expenses in the consolidated statement of operations, which is the difference between the market price on the date of exchange and the value on the date of the issuance of the warrants.

Note E - Stock Option Plan

On January 26, 2005, the Company filed Form S-8 registration statement in connection with the Company's Stock Option Plan. The plan provides for the grant to eligible employees, consultants, and directors of options for the purchase of

Common Stock. The Option Plan covers, in the aggregate, a maximum of 4,000,000 shares of Common Stock and provides for the granting of both incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986) and nonqualified stock options (options which do not meet the requirements of Section 422). Under the Option Plan, the exercise price may not be less than the fair market value of the Common Stock on the date of the grant of the option.

The vested options as of March 31, 2005 amounting to \$108,713, are shown under the compensation and related expenses on the Consolidated Statement of

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Operation.

### Note F - Notes Payable

In December 2004 the Company issued a note payable to a shareholder in the amount of \$560,000 at an interest rate of 3.75% with a maturity date of December 2005. Additionally, on January 6, 2005, the Company issued another note payable amounting to \$1,040,000 to the same shareholder under the same terms and conditions as the previous one.

As of March 31, 2005 the balance for notes payable was \$ 1,209,334.

### Note G - Subsequent Events

On May 16, 2005, The Company announced that it has advanced \$475,000 dollars and had signed a letter of intent to acquire Caerus, Inc. which includes all wholly-owned subsidiaries; Volo Communications, Inc., Caerus Networks Inc, and Caerus Billing, Inc.

Under the purposed purchase terms, VoIP, Inc. will acquire 100% of the stock and assets of Caerus, Inc in exchange for the issuance of 15 million common shares of VoIP, Inc.

## ITEM 2. Management's Discussion and Analysis or Plan of Operation

### (1) Caution Regarding Forward-Looking Information

This quarterly report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Company or management as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate," "believe," "estimate," "expect" and "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. In each instance, forward-looking information should be considered in light of the accompanying meaningful cautionary statements herein.

### (2) Results of Operations

For the quarters ended March 31, 2005 and 2004 the company had revenues of \$2,007,146 and \$0 respectively.

The significant increase in revenues was primarily driven by the fully owned subsidiaries of and DTNet and VoIP Americas. DTNet's increase was driven by continued growth in ADSL and cable components, while VoIP Americas revenue growth was driven the International/Domestic wholesale terminations and International long-distance wholesale.

In June 2004 the company acquired DTNet Technologies, Inc. and in September 2004 it acquired VoIP Americas. DTNet provides customer premises equipment to cable and DSL Internet providers throughout North America. VoIP Americas provides International and domestic wholesale terminations, as well as a turn key solution for Virtual Service providers via the internet. Management believes that these acquisitions complement the company's strategy to deliver Voice over Internet Protocol over a wireless local loop and deliver service provider solutions to cable operators and small to medium size carriers and Virtual Service Providers (VSP's). DTNet has the distribution channels for the end users

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and VoIP Americas has the market know how, systems, and turn key solutions for today's sophisticated end users.

The cost of sales consists primarily of purchases, assembly and testing of customer premise equipment performed by third party vendors. Additionally, it includes the direct costs associated with the origination and termination of International/Domestic wholesale minutes.

The gross profit amount of approximately \$206,000 represents a gross margin of 10%. The Company anticipates that the gross profit margin percentage will improve with additional growth in revenue. The company is attaining discounts from its suppliers based on the volumes. The company believes that these discounts will continue to improve as our sales strategy is deployed through out our different product lines.

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Operating expenses consist primarily of salaries and related personnel costs, general corporate functions including finance, human resources, facilities, legal and professional fees, insurance and general corporate overhead costs. General and administrative expenses were approximately \$898 thousand for the quarter ended March 31, 2005, as compared to approximately \$22 thousand for the quarter ended March 31, 2004. Increases in headcount and the resulting personnel expenses, as well as other general and administrative expenses directly attributable to the Company's new line of business, VoIP telephony services, were major factors contributing to the approximately \$876 thousand increase in total general and administrative expenses. Other expense categories which increased as compared to 2004, include the result of the Company's entrance into the VoIP business, include, legal fees, other professional fees, and facilities, and equipment costs.

Net losses for the respective quarters ended March 31, 2005 and 2004 were approximately \$1,507,000 and \$22,000 respectively. Net loss per share was approximately \$0.06 and \$0.01 respectively. This included a one time event in the exchange of company shares for warrants issued to an executive. The market value of the shares amounting to \$239,500 as of the transaction date was recognized as compensation expense in the consolidated statement of operation. Additionally, there is an increase of \$789,937 in operating costs attributable basically to start up of operations.

### (3) Liquidity and Capital Resources

As of March 31, 2005, we had cash and cash equivalents approximating \$925,534 compared to \$1,141,205 at December 31, 2004. We currently have one borrowing arrangement with a balance of \$ 1.2 million as of March 31, 2005, with notes payable to a shareholder. Cash used in operating activities of \$2.2 million in first quarter 2005, was primarily attributable to the net loss of \$1.5 million, which includes \$239,000 as a non cash item related to the valuation of the common stocks exchanged for warrants during the period. Additionally, includes \$108,000 as non cash items for the valuation of the Company Stock Option Plan vested as of March 31, 2005. Cash provided by financing activities in first quarter 2005 consisted primarily of \$1.7 million of proceeds resulting from the sale of common stock to investors in private placement transactions during the whole first quarter 2005 and proceeds from issuance of note payable of \$1.0 million.

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Liquidity for the period from inception through March 31, 2005 has been mainly provided by sales of common stock through private placements and borrowing from affiliates. Management has taken actions directly related to the generation of product sales during first quarter 2005, showing revenues for \$2.0 million on first quarter 2005.

The Company anticipates that all working capital requirements for 2005 will be satisfied from the operation of the acquired business and the sales of additional securities through private placements.

### Payments Due by Period

The following table illustrates our outstanding debts and the terms of that debt as of December 31, 2004:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	-----	-----	-----	-----	-----
Long-Term Debt	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Notes Payable to shareholder	\$1,209,334	\$1,209,334	\$ 0.00	\$ 0.00	\$ 0.00
Operating Leases	\$ 35,572	\$ 35,572	\$ 0.00	\$ 0.00	\$ 0.00
Purchase Obligations	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	-----	-----	-----	-----	-----
Total	\$1,244,906	\$1,244,906	\$ 0.00	\$ 0.00	\$ 0.00
	=====	=====	=====	=====	=====

### Market Risk

We own market investment securities issued by various securities issuers. The issuers of these products retain all interest rate and default risk.

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### Plan of Operations

The Company has incurred losses since its inception and, as of March 31, 2005, has an accumulated deficit of approximately \$6,100,000. We have not achieved profitability on an annual or quarterly basis and may incur additional net losses in future quarters and years. The growth in revenues has been consistent and Management expects to be in a break even position by the end of 2005.

The revenue growth will be achieved by acquisitions and the launch of new products and services developed by the Company. The Company has had discussions with various financing sources to obtain any capital that may be needed to finance acquisitions in order to generate sufficient revenues to attain profitability.

The Company does not expect material research and development expenses during the year or any expected purchase of substantial equipment.

The Company currently has 36 employees and it does not expect a significant change in the number of employees unless acquisitions are completed.

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The Company is constantly exploring acquisitions, and any material acquisition could have a substantial impact to these plans.

### Item 3. Controls and Procedures

Within the 90 days prior to the filing date of this report, the Company performed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. This evaluation was done under the supervision and with the participation of the Company's President and Chief Financial Officer. Based upon that evaluation, they concluded that the Company's disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy the Company's disclosure obligations under the Exchange Act. The two executive officers responsible for the financial reporting and disclosure are also in control of the books and records of the Company and are involved first hand in the decision making process of material transactions.

## Part II - OTHER INFORMATION

### Item 1 - Legal Proceedings

The Company is involved from time to time in legal proceedings and litigation incidental to the conduct of its business. No pending legal proceeding is deemed by the Company to pose the risk of any material adverse effect.

### Item 2 - Changes in Securities

The following unregistered securities have been issued during the first quarter of 2005:

Effective January 2005, registrant issued 187,500 shares of common stock for cash of \$328,125.

Effective January 2005, registrant issued 312,500 shares of common stock for cash of \$375,000.

Effective February 2005, registrant issued 812,500 shares of common stock for cash of \$975,000.

Effective February 2005, registrant issued 750,000 shares of common stock for exchanging warrants issued in August 2004.

Effective March 2005, registrant issued 56,650 shares of common stock for services provided to the company.

All such shares were issued pursuant to exemptions provided by Section 4(2) of the Securities Act of 1933 and Regulation D.

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### Item 3 - Defaults on Senior Securities

None

### Item 4 - Submission of Matters to a Vote of Security Holders

The Company has held no regularly scheduled, called or special meetings of

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shareholders during the reporting period.

Item 5 - Other Information

None

Item 6 - Exhibits

(a) Exhibits

No.	Description
31.1	Certification by CEO pursuant to 18 USC Section 1350 as adopted by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by CFO pursuant to 18 USC Section 1350 as adopted by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by CEO pursuant to 18 USC Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by CFO pursuant to 18 USC Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

VoIP, INC.

May 16, 2005

/s/ Steven Ivester

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Steven Ivester  
President and CEO

/s/ Osvaldo Pitters

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Osvaldo Pitters  
Chief Financial Officer

