

SONA MOBILE HOLDINGS CORP

Form 10QSB

August 11, 2006

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006

Commission File Number 000-12817

SONA MOBILE HOLDINGS CORP.

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

Delaware  
(State or other jurisdiction  
of incorporation or organization)

95-3087593  
(I.R.S. Employer  
Identification No.)

825 Third Avenue, New York,  
New York 10022

(Address of principal executive office)

(212) 486-8887

(Issuer's telephone number, including area code)

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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 8, 2006, there were 58,252,856 shares of common stock outstanding.

Transitional Small Business Disclosure Format. Yes No

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SONA MOBILE HOLDINGS CORP.

FORM 10-QSB REPORT

June 30, 2006

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**FORWARD-LOOKING STATEMENTS**

Certain statements made in this Quarterly Report on Form 10-QSB are “forward-looking statements” regarding the plans and objectives of management for future operations and market trends and expectations. The words “expect,” “believe,” “plan,” “intend,” “estimate,” “anticipate,” “propose,” “seek” and similar words and variations thereof, when used, are intended to specifically identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the continued expansion of our business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, we cannot assure you that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We do not undertake any obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

The terms "we", "our", "us", and derivatives thereof, as used herein refer to Sona Mobile Holdings Corp., a Delaware corporation, and its subsidiaries and its predecessor, Sona Mobile, Inc., a State of Washington corporation ("Sona-Washington").

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements

Sona Mobile Holdings Corp. And Subsidiaries  
Consolidated Balance Sheet

|                                                                                                              | At<br>June 30, 2006<br>(unaudited) |
|--------------------------------------------------------------------------------------------------------------|------------------------------------|
| Assets                                                                                                       |                                    |
| Current:                                                                                                     |                                    |
| Cash and cash equivalents                                                                                    | \$ 618,275                         |
| Accounts receivable (net of allowance for doubtful accounts of \$36,633)                                     | 128,273                            |
| Tax credits receivable                                                                                       | 45,488                             |
| Prepaid expenses & deposits                                                                                  | 117,175                            |
| Total current assets                                                                                         | 909,211                            |
| Property and equipment:                                                                                      |                                    |
| Computer equipment                                                                                           | 63,913                             |
| Furniture and equipment                                                                                      | 30,428                             |
| Less: accumulated depreciation                                                                               | (36,188)                           |
| Total property and equipment                                                                                 | 58,153                             |
| Total Assets                                                                                                 | \$ 967,364                         |
| Liabilities and Stockholders' Equity                                                                         |                                    |
| Current:                                                                                                     |                                    |
| Accounts payable                                                                                             | \$ 749,415                         |
| Accrued liabilities & payroll                                                                                | 666,830                            |
| Deferred revenue                                                                                             | 152,081                            |
| Total current liabilities                                                                                    | 1,568,326                          |
| Total Liabilities                                                                                            | 1,568,326                          |
| Stockholders' equity:                                                                                        |                                    |
| Preferred Stock – 10,000,000 shares authorized, par value \$.01 per share – no shares issued and outstanding | —                                  |

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|                                                                                                                   |              |
|-------------------------------------------------------------------------------------------------------------------|--------------|
| Common Stock – 90,000,000 shares authorized, par value \$.01 per share – 41,186,200 shares issued and outstanding | 411,862      |
| Additional paid-in capital                                                                                        | 9,752,630    |
| Common Stock purchase warrants                                                                                    | 1,620,370    |
| Unamortized stock based compensation                                                                              | (81,000)     |
| Accumulated other comprehensive (loss)                                                                            | (285,717)    |
| Accumulated deficit                                                                                               | (12,019,107) |
| Total stockholders' equity                                                                                        | (600,962)    |
| Total Liabilities and Stockholders' Equity                                                                        | \$ 967,364   |

See accompanying notes to consolidated financial statements.

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Item 1. Financial Statements (Continued)

Sona Mobile Holdings Corp. and Subsidiaries  
Consolidated Statements of Operations and Comprehensive Loss

|                               | Three months ended June |                     | Six months ended June 30 |                     |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|
|                               | 2006<br>(unaudited)     | 2005<br>(unaudited) | 2006<br>(unaudited)      | 2005<br>(unaudited) |
| Net Revenue                   | \$ 165,429              | 123,971             | \$ 290,753               | 259,006             |
| Operating expenses            |                         |                     |                          |                     |
| Depreciation and amortization | 8,950                   |                     |                          |                     |