SIRICOMM INC
Form 10QSB
May 24, 2004

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 Quarter Period Ended
March 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 April 30, 2004 was 15,859,153.

PART I - FINANCIAL INFORMATION

Item 1: Financial Statements

SIRICOMM, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEET

	March 31, 20 (unaudited
ASSETS	
Current assets:	
Cash	$ 1,365,9
Prepaid expenses and other current assets	194,8
Deferred loan costs, net	22,6
Total current assets	1,583,4
Furniture and equipment, net of accumulated depreciation of $51,631 and $41,701 as of March 31, 2004 and September 30, 2003, respectively	47,6
Total assets	$ 1,631,1
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
Current liabilities:	
Note payable, bank	$
Current maturities of long-term debt:	
Officers and directors	4,7
Other	210,0
Accounts payable	55,5
Accrued expenses and other current liabilities	365,0
Total current liabilities	635,4
Notes payable and long-term debt, less current maturities	
Other liabilities	
Total liabilities	635,4
Stockholders' equity (deficit):	
Preferred stock - par value $.001; 5,000,000 shares authorized; 213,417 and 0 shares issued and outstanding as of March 31, 2004 and September 30, 2003, respectively	21
Common stock - par value $.0001; 50,000,000 shares authorized; 15,342,528 and 12,966,593 shares issued and 15,342,528 and	

12,771,343 shares outstanding as of March 31, 2004 and September 30, 2003, respectively	15,3
Additional paid-in capital	6,107,2
Deficit accumulated during the development stage	(5,127,1
Treasury stock, 0 and 195,250 shares at cost as of March 31, 2004 and September 30, 2003, respectively	
Total stockholders' equity (deficit)	995,7
Total liabilities and stockholders' equity (deficit)	$ 1,631,1

See Notes to Condensed Consolidated Financial Statements.

SIRICOMM, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	March 31, 2004		March 31, 2003	
	For the Three Months Then Ended	For the Six Months Then Ended	For the Three Months Then Ended	For the S Months Th Ended
Revenues	$ -	$ -	$ -	$
Operating expenses:				
General and administrative	92,172	157,835	81,419	134,
Salaries and consulting fees	359,958	770,918	173,549	256,
Stock-based employee compensation	-	50,000	-	
Research and development	14,770	29,470	8,950	44,
Write-off of notes receivable	-	-	-	
Depreciation	5,107	9,930	4,823	9,
Total operating expenses	472,007	1,018,153	268,741	444,
Operating loss	(472,007)	(1,018,153)	(268,741)	(444,
Interest income	1,572	1,572	-	
Other income	18	18	-	
Interest expense	(3,903)	(18,680)	(11,113)	(28,
Loan costs	(69,133)	(185,263)	(42,123)	(231,
Net loss	$ (543,453)	$ (1,220,506)	$ (321,977)	$ (705,
Net loss per share, basic and diluted	$ (0.04)	$ (0.09)	$ (0.03)	$ (0
Weighted average shares,				

basic and diluted	13,555,555	13,250,744	11,752,143	7,665,

See Notes to Condensed Consolidated Financial Statements.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (APRIL 24, 2000) THROUGH MARCH 31, 20

	Preferred Stock		Common Stock		Additional	
	Shares	Amount	Shares	Amount	Paid-in Capital	Accumul Defici
Issuance of founder shares at inception	-	$ -	3,333	$ 3,333	$ -	$
Conversion of debt to equity	-	-	6,372	6,372	379,844	
Net loss for the period	-	-	-	-	-	(398
Balance, September 30, 2000	-	-	9,705	9,705	379,844	(398
Issuance of common stock	-	-	295	295	288,709	
Net loss for the year	-	-	-	-	-	(470
Balance, September 30, 2001	-	-	10,000	10,000	668,553	(868
Acquisition of 1,694 treasury shares	-	-	-	-	-	
Issuance of 1,472 treasury shares	-	-	-	-	(184,641)	
Net loss for the year	-	-	-	-	-	(911
Balance, September 30, 2002	-	-	10,000	10,000	483,912	(1,780
Reverse merger and reorganization	-	-	9,712,867	(277)	(247,892)	
Conversion of debt to equity	-	-	2,029,000	2,029	1,104,971	
Stock issued for loan costs	-	-	137,782	138	272,574	
Stock issued for services	-	-	1,001,944	1,002	1,144,157	
Stock warrants issued for services	-	-	-	-	185,000	
Stockholder contributions	-	-	-	-	829,838	
Proceeds from stock issuance	-	-	75,000	75	74,925	
Net loss for the period	-	-	-	-	-	(2,126
Balance, September 30, 2003	-	-	12,966,593	12,967	3,847,485	(3,906
Conversion of debt to equity	213,417	213	426,592	426	642,759	

Stock issued for loan costs	-	-	9,593	10	13,670	
Stock issued for services	-	-	34,000	34	38,590	
Stock warrants exercised	-	-	176,000	176	87,824	
Stock options issued for services	-	-	-	-	57,500	
Proceeds from stock issuance	-	-	1,925,000	1,925	1,828,075	
Issuance of options to employees	-	-	-	-	50,000	
Treasury stock retired	-	-	(195,250)	(195)	(458,643)	
Net loss for the period	-	-	-	-	-	(1,220
Balance, March 31, 2004	213,417	$ 213	15,342,528	$ 15,343	$ 6,107,260	$(5,127

See Notes to Condensed Consolidated Financial Statements.

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SIRICOMM, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended	
	March 31, 2004	March 31, 2003
Cash flows from operating activities:		
Net loss	$ (1,220,506)	$ (705,540)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation	9,930	9,647
Amortization of loan costs	-	-
Loan costs	159,264	210,710
Stock-based compensation for services	181,066	-
Stock-based compensation to employees	50,000	-
Settlement expense funded from debt acquisition	-	-
Write-off of note receivable	-	-
Other non-cash charges	1,373	-
Changes in assets and liabilities:		
Current assets	359,512	15,000
Current liabilities	30,459	115,272
Net cash used in operating activities	(428,902)	(354,911)
Cash flows from investing activities:		
Cash acquired in business combination	-	1,479
Acquisition of furniture and equipment	(2,837)	-
Proceeds from sale of equipment	-	-
Net cash used in (provided by) financing activities	(2,837)	1,479
Cash flows from financing activities:		

Issuance of notes receivables	-	-
Borrowings under line of credit, net	-	-
Proceeds from notes payables	-	380,000
Payment of notes payable	(176,640)	(66,136)
Payment of loan costs	-	-
Advances from (repayments to) officers, net	-	-
Proceeds from sale of common stock	1,918,000	-
Net cash provided by financing activities	1,741,360	313,864
Increase (decrease) in cash	1,309,621	(39,568)
Cash, beginning of period	56,300	44,304
Cash, end of period	$ 1,365,921	$ 4,736

See Notes to Condensed Consolidated Financial Statements.

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest	$ 9,385	$ 7,637

SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:

Issuance of 34,000 shares of common stock for services	$ 38,624	$ -
Conversion of debt to equity	$ 642,026	$ 1,000,000
Issuance of 9,842 shares of common stock for loan costs	$ 13,680	$ -
Loan cost funded through issuance of stock	$ -	$ 210,611
Debt assumed pursuant to reverse acquisition	$ -	$ 100,000
Stock offering costs funded through issuance of stock	$ -	$ 26,670
Acquisition of 1,694 shares of treasury stock	$ -	$ -
Stockholder contribution of stock options on behalf of the Company	$ -	$ -
Issuance of 1,189 shares of treasury stock for prepaid services	$ -	$ -

Stockholder contribution of 195,250 shares of common stock to the Treasury	$ -	$ -
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See Notes to Condensed Consolidated Financial Statements.

SIRICOMM, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (APRIL 24, 2000) TO MARCH 31, 2004

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

Nature of operations:

SiriCOMM, Inc. - a Missouri corporation (the "Company"), incorporated in the State of Missouri on April 24, 2000, has developed broadband wireless application service technologies intended for use in the marine and transportation industries. The Company's development activities include integrating multiple technologies such as satellite communications, the Internet, wireless networking, and productivity enhancing software into commercially viable products and services. The Company expects to complete installation of the first phase of its proprietary wireless network and commence revenue-generating activities in late 2004.

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. The condensed consolidated balance sheet of the Company as of September 30, 2003 has been derived from the audited consolidated balance sheet of the Company as of that date.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K annual report for 2003 filed with the Securities and Exchange Commission.

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

SIRICOMM, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (APRIL 24, 2000) TO MARCH 31, 2004

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 Black-Scholes options-pricing model to determine the fair value of stock-based compensation and capital contributions.

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 for the three and six months ended March 31, 2004.

	Three Months	Six Months
Net loss, as reported	$ (543,453)	$ (1,220,506)
Add back intrinsic values of stock issued to employees	--	50,000
Less: stock-based employee compensation under the fair value based method	(22,500)	(179,450)
Pro forma net loss under fair value method	$ (565,953)	$ (1,349,956)
Net loss per common share-basic and diluted:		
As reported	$ (.04)	$ (.09)
Pro forma under fair value method	$ (.04)	$ (.10)

SIRICOMM, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (APRIL 24, 2000) TO MARCH 31, 2004

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

Research and development costs:

The Company incurs costs, principally paid to outside consultants, 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. Costs incurred subsequent to establishing technological feasibility, including coding and testing, will be capitalized.

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 debt 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 debt is anti-dilutive.

2. Notes payable:

Notes payable consist of the following March 31, 2004:

Bank line of credit, due on demand, but if no demand is made due in monthly payments of principal plus accrued interest through August 25, 2009. (a)	--
Note payable, former officer, bearing interest at 2.5%, unsecured, principal and interest due in monthly installments of $10,000 through May 2004. (b)	135,000
Notes payable, bearing interest at 4%, unsecured, interest and principal due the earlier of the date which the Company shall receive sufficient invested or borrowed sums to pay all amounts due or the dates ranging from March 3 through April 30, 2004. (c)	75,000

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SIRICOMM, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (APRIL 24, 2000) TO MARCH 31, 2004

Note payable officer, bearing interest at 4%, unsecured, interest and principal due interest and principal due the earlier of the date that the Company shall receive sufficient invested or borrowed sums to pay all amounts due. (d)	4,757
	$ 214,757

(a) Line of credit of $1,000,000, 80% guaranteed by the United States Department of Agriculture. Advances bear interest at prime plus 1.5% (adjusted quarterly) on the federally guaranteed portion and prime plus 3% (adjusted quarterly) on the remainder. Secured by substantially all assets of the Company, personally guaranteed by an officer. No proceeds have been drawn on this line of credit as of March 31, 2004.

(b) As of March 31, 2004, the Company was in default of this note due to non-payment. In May 2004, this note was paid in full, including accrued interest (See Note 4.)

(c) As of April 27, 2004, this amount was reduced to $25,000 due to repayment with interest.

(d) This note was retired on April 27, 2004 with accrued interest.

3. Stockholders' equity:

The Company authorized the issuance of a class of convertible Preferred Stock. The Company agreed to issue Preferred Stock to preserve a lender's continuing accrued interest and create a class superior to the common stock. In December 2003, the Company designated 500,000 shares of Series A Cumulative Convertible Preferred Stock. This stock has a par value of $0.001 and an annual dividend rate of $0.10 per share, payable in quarterly payments of $0.025 per share. The preferred stock has a liquidating preference of $1.00 per share and is convertible to Common Stock at $2.00 per share. At September 30, 2003, a stockholder agreed to convert $20,000 in accounts payable to equity. This conversion and stock issuance of 20,000 shares of common stock occurred in October 2003.

In November 2003, the Company converted an aggregate of $400,000 in debt from existing shareholders along with accrued interest thereon. The Company issued 213,417 shares of newly issued Preferred Stock Series A in consideration for two debtholders conversion of $200,000 in notes and further issued 205,043 shares of common stock to an existing shareholder and a director who converted notes of $150,000 and $50,000 respectively. Stock-based stock issuance costs associated with these conversions aggregated $31,091.

3. Stockholders' equity (continued):

Also November 2003, the Company entered into a broker-dealer exclusive letter agreement of services, which included introduction to certain parties desirous of establishing a mutually advantageous relationship. The term of this agreement is six months. The compensation for these services is 34,000 shares of restricted stock, $2,500 per month paid over the term of the agreement, and an additional 66,000 shares of restricted stock to be issued later. The 100,000 shares include piggyback registration rights. This agreement was amended in early April to forego further monthly installments and the 66,000 additional shares.

In addition, an aggregate of 176,000 shares were issued in connection with the exercise of a like amount of warrants for aggregate proceeds of $88,000.

In the first quarter of fiscal 2004, the Company issued 9,842 shares of its common stock, at the fair market value of the stock for loan costs previously accrued.

In February 2004, a stockholder agreed to convert $24,000 in accounts payable to equity. In March 2004, certain debtholders agreed to convert $180,931 in principal and interest to equity. As discussed in Note 2, in the first and second quarters of fiscal 2004, the Company raised $1,515,000 and $410,000 respectively in connection with a private placement offering. The Company also raised $75,000 during the fourth quarter of fiscal 2003 in connection with the same offering.

In March 2004, the Company issued 14,500 stock options to consultants for services rendered, and has committed to issue an additional 10,500 options with the same terms at a future date. The options are excercisable for $1 per share through December 31, 2013 and have an aggregate fair value of $57,500.

4. Commitments and contingencies:

Litigation:

On July 26, 2003, the Company was named a defendant in a lawsuit for breach of settlement contract. In May, 2004, this matter was settled for $135,000 principal plus accrued interest of $10,000. This settlement releases the Company from any other liability in this matter.

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SIRICOMM, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
FROM INCEPTION (APRIL 24, 2000) TO MARCH 31, 2004

Employment agreements:

The Company has three executive employee agreements with certain officers/directors. As part of these agreements the Company is obligated to pay these individuals aggregate compensation of $425,000 annually through February 2005.

5. Subsequent Events:

In April 2004, the Company entered into a five (5) year consulting agreement with a company owned by a shareholder, whereby they would provide the Company with consulting services including utilizing their relationships with certain entities that may be beneficial to the business of the Company. The compensation for their services is 436,000 restricted shares of the Company's common stock.

In April 2004, the Company entered into a two (2) year consulting agreement with a third party, whereby they would provide the Company with consulting services including certain internet technologies, industry introduction and support from political lobbyists that may be beneficial to the business of the Company. The compensation for their services is 100,000 restricted shares of the Company's common stock.

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

Background

SiriCOMM, Inc. ("Company"), was incorporated in the State of Delaware on March 23, 1989 as Fountain Pharmaceuticals, Inc. The Company ceased operations and had been inactive since July 2001.

On November 21, 2002, the Company completed the acquisition of SiriCOMM, Inc., a company organized under the laws of the State of Missouri in April 2000 ("SiriCOMM"). As a result of the acquisition, the Company's business operations are those of SiriCOMM.

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. The Company uses the Black-Scholes options-pricing model to determine the fair value of these instruments as well as to determine the values of options granted to certain lenders by the principal stockholder. The following estimates are used for grants in 2004: Expected future volatility over the expected lives of these instruments is estimated to mirror historical experience, measured by a weighted average of closing share prices prior to each measurement date. Expected lives are estimated based on management's judgment of the time period by which these instruments will be exercised.

Information Relating To Forward-Looking Statements

This report, including the documents incorporated by reference in this report, includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. Our actual results may differ materially from those discussed herein, or implied by these forward-looking statements. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

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. The architecture transmits data at speeds of up to 48,000 kilobits per seconds ("kbps"), or 20 to 100 times faster than other wireless solutions such as GSM (9.6 kbps), CDMA2000-1XRTT (144 kbps), or Qualcomm's USAT (2 kbps). SiriCOMM will install network access nodes using Wireless Fidelity (Wi-Fi) access points at strategic locations nationwide. Each wireless local area network is interconnected using satellite communications and the company's proprietary server solution. The point-to-multipoint broadcast feature of the company's network provides considerable cost-to-bandwidth efficiencies. SiriCOMM's software applications leverage this optimized data network to deliver significant cost reduction and productivity improvement opportunities to subscribing companies. For a flat, low monthly fee subscribers will have access to a suite of productivity software, the Internet, e-mail, proprietary company intranet information, and similar business tools. Users will connect to the network using any 802.11-compatible device. For the most mobile subscribers, SiriCOMM recommends a Wi-Fi-enabled Palm OS handheld computer. SiriCOMM's solutions are expected to become commercially available during the third quarter of fiscal year 2004.

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SiriCOMM's Business and Products

Since our inception we have focused our efforts principally in three key areas - product development, pre-market demonstrations to potential customers, and the formation of critical industry alliances. The results of this disciplined approach are significant. First, a working prototype of the broadband wireless network and applications software was developed and refined into a highly marketable product. Patent applications are on file for the entire end-to-end system. Second, demonstrations of the prototype to qualified potential customers reaffirmed the feasibility of the network and the solid need for its unique services. SiriCOMM has made technical presentations to more than 30 communication, automobile, trucking and mobile technology companies during the last 24 months and has received favorable feedback at such demonstrations. As a result, the Company has letters of intent, memorandums of understanding, whitepapers, and similar strong expressions of support from multiple industry stakeholders. These include trucking companies, truck manufacturers, technology partners, trade associations, government agencies, etc.

The first generation of SiriCOMM products can significantly improve the availability, timeliness, and accuracy of communications and decision support tools for most of the nation's law enforcement agencies and trucks that operate in North America. Ultimately, with minor modifications, the SiriCOMM products will be applicable in any industry requiring mobile communications from remote locations, such as recreational vehicles, yachts, and construction sites.

SiriCOMM intends to charge a monthly subscription fee of $49.95 per user per month for its services.

The five principal components of the SiriCOMM service include:

1. An I.E.E.E. 802.11 standard compatible wireless device (PC or Palm OS(TM)) for the users. The 802.11 is a wireless standard governed by the Institute of Electrical and Electronics Engineers that operates in the 2.4 Ghz unregulated frequency spectrum;
2. Wireless transmission and receiving equipment installed in strategic locations such as marinas, truck stops, weigh stations, and major shipper facilities;
3. Access to the AMC-6 geo-synchronous satellite;
4. Proprietary software processes and applications; and
5. Broadband wireless channels that enable transmission of extremely large amounts of data at speeds 20 to 100 times faster than current wireless solutions.

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Users will be able to connect to the SiriCOMM network whenever they are within range (up to approximately one-half mile) of one of several planned access locations. SiriCOMM has had fixed test locations in Joplin, Missouri, Blacksburg, Virginia, Columbia, Missouri, Oklahoma City, Oklahoma and Rock Hill, South Carolina. The Company has deployed multiple mobile demonstration sites throughout the U.S. While in range, the subscriber will have wireless, universal access to the Internet and to an agency, or fleet intranet, if one exists. For a low, fixed monthly subscription fee subscribers will be able to communicate unlimited amounts of data and messages to their homes, offices, or client support centers using SiriCOMM's high-speed wireless network.

SiriCOMM intends to purchase its satellite services from ViaSat, Inc. of Norcross, GA. The agreement will include redundant teleport (ground transmission station) services, satellite data transmission bandwidth, and remote site maintenance services at each of the SiriCOMM installations. Term of the agreement will be sixty months and automatically renews an additional twelve months. ViaSat, under a separate agreement with SatNet, will perform the complete installation of each SiriCOMM network site. At each ground location the satellite receiving equipment is linked to SiriCOMM's remote server and the wireless local area network (WLAN) that provides connectivity for individual subscribers. This architecture enables high speed two-way data communications as well as store and forward services based at the local server. The Company believes that this architecture provides the best possible combination of bandwidth, services, price, and suitability for service for its customers.

SiriCOMM does not have a commercial network presently running implementing its wireless data transmission technology. SiriCOMM is in the process of completing memorandums of understandings with three (3) major truck-stop chains which would enable it to build out 440 sites. To that end, SiriCOMM has entered into a memorandum of understanding with Sat-Net Communications LLC, whereby Sat-Net will install terminals at up to 400 truck stop locations at a turn-key price of $3,700 per location. The memorandum of understanding also provides that Sat-Net will provide software and network support for a monthly per site fee of $30.00. In connection with this transaction the Company has agreed to issue Sat-Net 2,000,000 shares of its common stock and 1,000,000 three (3) year warrants exercisable at $2.00 per share. It plans to build a network with the capacity to service up to 250,000 simultaneous users within 6 months of raising the needed capital. As of the date of this filing the agreement has not yet been finalized.

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The construction of the initial network is estimated to cost $1-2 million and financing has been arranged by private sales of the Company's debt and equity securities. In additions to the proceeds of a $2,000,000 private placement, the Company closed a $1,000,000 loan from Southwest Missouri Bank (SMB) which is partially guaranteed by the United States Department of Agriculture in late February, 2004. The terms of this financing are very favorable to the Company. The private placement consisted of 2,000,000 units, each unit consisted of one share of the Company's common stock and one three-year warrant exercisable at $2.00 per share. In May 2004, the Company completed a subsequent private placement of 328,143 units at $3.40 per unit. Each unit consists of one share of common stock and one quarter (1/4) of a three-year common stock purchase warrant exercisable at $4.75 per share. The Company received proceeds of $1,115,686.

Results of Operations

From inception (April 24, 2000) through March 31, 2004, SiriCOMM has not generated any revenues. During the period from inception (April 24, 2000) through March 31, 2004, SiriCOMM had net losses totaling $5,127,114. During the three and six months ended March 31, 2004, net losses totaled $543,453 and $1,220,506, respectively. From inception through March 31, 2004, SiriCOMM's general and administrative expenses totaled $774,277 or 18% of total operating expenses, while for the three and six months ended March 31, 2004 general and administrative expenses totaled $92,172 and $157,835 or 19.5% and 15.5% of total operating expenses, respectively. From inception through March 31, 2004, SiriCOMM incurred salaries and consulting fees of $3,012,353 or 70.0% of operating expenses, of which $359,958 and $770,918, or 76.3% and 75.7% of total operating expenses were incurred during the three and six months ended March 31, 2004, respectively. Of such amounts $671,421 and $50,000 were stock-based non-cash costs for the period from inception and the six months ended March 31, 2004, respectively. Research and development costs were $365,689 or 8.5% of total operating expenses incurred in the period from inception (April 24, 2000) through March 31 2004, while expenses incurred during the three and six months ended March 31, 2004 totaled $14,700 and $29,470 or 3.1% and 2.9% of total operating expenses. These substantial declines were a result of 1) substantial completion of this research and development phase and 2) cash flow considerations.

From inception through March 31, 2004, the Company has incurred interest expenses $113,280, of which $3,903 and $18,680 was incurred during the three and six months ended March 31, 2004.

Liquidity and Capital Resources

On November 21, 2002, Fountain completed the acquisition of all of the issued and outstanding shares of SiriCOMM, Inc., a Missouri Corporation. An aggregate 9,623,195 post-reverse split shares were issued to SiriCOMM's 18 shareholders. Furthermore, the Company agreed to issue the equivalent of 15.5% of the post-merger entity to retire $1,000,000 of convertible debentures issued by SiriCOMM. As a result and following completion of the acquisition, the sole

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director of Fountain resigned and four of SiriCOMM's principal shareholders were elected in his place. In connection with this transaction the Company changed its name to "SiriCOMM, Inc."

Since SiriCOMM is considered the acquirer for accounting and financial reporting purposes, the transaction will be accounted for in accordance with reverse acquisition accounting principles as though it were a recapitalization of SiriCOMM and a sale of shares by SiriCOMM in exchange for the net assets of

Fountain. These financial statements include the historical results of operations and cash flows of SiriCOMM-Missouri.

SiriCOMM is a development-stage entity engaged in the development of broadband wireless applications service provider technologies for the marine and highway transportation industries. The Company's current development activities include integrating multiple technologies including satellite communications, the Internet and intranets, wireless networking and productivity enhancing software into commercially viable products and services for its target industries.

Since its inception, SiriCOMM has financed its activities primarily from short-term loans and private sale of its securities. During fiscal 2003, the Company borrowed an aggregate of $680,000 from several lenders. The Company issued promissory notes to these lenders. The notes have varying interest rates ranging from 4% to 10% and matured either during 2003 or mature as late as November 2004. In addition, of the $680,000, an aggregate of $550,000 was converted into preferred or common equity of the Company during the first and second quarters of fiscal 2004. The Company has raised proceeds through the private sale of its equity in March 2004. The private placement consisted of 2,000,000 units, each unit consisted of one share of the Company's common stock and one three-year warrant exercisable at $2.00 per share. In May 2004, the Company has recently completed a subsequent private placement of 328,143 units at $3.40 per unit. Each unit consisted of one share of common stock and one quarter (1/4) three year warrant exercisable at $4.75 per share. The Company received proceeds of $1,115,686.

SiriCOMM also issued a Demand Note to a Bank. The Demand Note bears interest at the annual rate of 7% and SiriCOMM makes monthly installments of $2,409 per month, maturing July 20, 2004. The loan is secured by all assets of SiriCOMM and guaranteed by the Company's President and CEO. This note was retired upon closing of the $1,000,000 USDA loan.

SiriCOMM was indebted to a former officer in the principal amount of $135,000. In connection with this indebtedness, SiriCOMM issued the former officer a Note in the original principal amount of $290,000. This Note was unsecured and called for payments in monthly installments of $10,000 through May 2004. The Company was in default and the former officer commenced legal proceedings in July 2003 against the Company seeking damages in excess of $150,000. (See Legal Proceedings) The Company recorded the liability with interest thereon at the default rate of 9 percent. Subsequent to March 31, the Company paid $145,000 in satisfaction of judgement releasing it from all further claims.

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Item 3: Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

There has been no change in the Company's internal controls over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

On July 26, 2003 the Company was named a defendant in a lawsuit entitled Greg Sanders v. SiriComm, Inc. The action was brought in the Circuit Court of Newton County, Neosho, Missouri (CV303-559CC). The action was for breach of contract and seeks damages in the principal amount of $135,000 plus an additional $30,000 in alleged acceleration interest. In May, 2004 this matter was settled by the Company paying the plaintiff $145,000, inclusive of accrued but unpaid interest.

Item 2: Changes in Securities and Use of Proceeds

(a) None

(b) None

(c) On January 15, 2004, the Company issued 56,000 shares of its common stock to Mr. Robert Smith pursuant to the exercise of a stock option for a like number of shares. The option was granted to Mr. Smith under the Company's 2002 Equity Incentive Plan. The exercise price of the option was $.50. The shares underlying the option were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On February 23, 2004, the Company issued an aggregate of 20,610 shares to Joel C. Schneider, Esq. (10,305) and Herbert H. Sommer, Esq. (10,306), partners of the Company's securities counsel, Sommer & Schneider LLP. The share were issued in lieu of $24,000 of outstanding legal fees due the firm. The shares were issued under the Company's 2002 Equity Incentive Plan and were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On March 10, 2004 we closed the sale of 2,000,000 units ("Units") at $1.00 per Unit to twenty-seven accredited investors. Each Unit consists of one share of the Company's common stock and one three-year warrant exercisable at $2.00 per share. Among the investors in this offering was Mr. Terry W. Thompson, a director of the Company who purchased 100,000 Units. The Units were issued under the exemption from registration provided in Section 4(2) of the Act.

On March 10, 2004 we issued 331,951 Units to five investors upon the conversion of an aggregate of $331,951 of debt due by the Company to these investors. Among the investors converting their debt was Mr. Terry W. Thompson, direct of the Company who converted $50,600 of debt into 50,600 Units. These Units were issued under the exemption from registration provided in Section 4(2) of the Act.

On March 15, 2004 we granted an aggregate of 25,000 stock options to Mr. Derrick Woolworth, our Director of Architecture Engineering. The options are exercisable at the price of $3.40 per share. Of the 25,000 options, 15,000 vested immediately and the balance of 10,000 are subject to vesting based on him achieving certain performance goals. The options were granted pursuant to our 2002 Equity Incentive Plan.

On March 18, 2004 we issued 27,656 Units to Marvin and Donna McDaniel upon the conversion of $27,656 of debt due by the Company to the McDaniels. The Units were issued under the exemption from registration provided in Section 4(2) of the Act.

On April 7, 2004, the Company issued 436,000 shares of its Common Stock to Gunner Investments, Inc. pursuant to a consulting agreement. The shares were issued under the exemption from registration provided in Section 4(2) of the Act.

On April 7, 2004 the Company issued to the principals of Layne Morgan Technology Group an aggregate of 100,000 shares of its common stock and 150,000 three-year common stock purchase warrants exercisable at $1.50 per share pursuant to a consulting agreement. The shares and warrants were issued under the exemption from registration provided in Section 4(2) of the Act.

On April 21, 2004 the Company issued 7,000 shares of its Common Stock to Mr. Bobby Ray Weant pursuant to the exercise of a stock option for a like number of shares. The option was granted to Mr. Weant under the Company's 2002 Equity Incentive Plan. The exercise price of the option was $1.00. The shares underlying the option were registered on Form S-8 on April 14, 2003 (SEC File No. 333-104508).

On May 4, 2004 we closed the sale of 328,143 units ("Units") at $3.40 per Unit to fourteen accredited investors. Each Unit consists of one share of the Company's common stock and one quarter (1/4) of a three-year warrant exercisable at $4.75 per share. The Units were issued under the exemption from registration provided in Section 4(2) of the Act.

In May 2004 the Company agreed to issue to Mark Sullivan 150,000 three-year options, exercisable at $3.40 per share. The options were granted to Mark Sullivan and his designees under the Company's 2002 Equity Incentive Plan.

(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

In April 2004 the Company entered into a five (5) year consulting agreement with Gunner Investments, Inc. ("Gunner"). Pursuant to this agreement, Gunner is to provide the Company with consulting services including utilizing its relationship with certain entities that may be beneficial to the business of the Company. As consideration for Gunner's services, the Company issued 436,000 shares of its common stock to Gunner. The shares are subject to forfeiture based on the following schedule:

If the agreement is terminated during:

Year 1	-	348,800 shares will be forfeited
Year 2	-	261,600 shares will be forfeited
Year 3	-	174,400 shares will be forfeited
Year 4	-	87,200 shares will be forfeited
Year 5	-	0 shares will be forfeited

In April 2004 the Company entered into a two (2) year consulting agreement with Layne Morgan Technology Group ("Layne"), whereby they agreed to provide the Company with consulting services including certain internet technologies, industry introductions and support from political lobbyists. As consideration for Layne's services, the Company issued 100,000 restricted shares of its common stock and 150,000 common stock purchase warrants, exercisable for three years at an exercise price of $1.50 per share.

In May 2004 the Company entered into a Memorandum of Understanding with Mark Sullivan ("Sullivan"), whereby Sullivan agreed to assist the Company in the development of its wireless network infrastructure, its software applications and certain other related products. As consideration for Sullivan's services, the Company agreed to issue 150,000 options, exercisable for three years at an exercise price of $3.40.

In May 2004 the Company entered into a Memorandum of Understanding ("MOU") with Christenson Transportation, Inc. ("Christenson"). The primary purpose of this transaction is for the Company to provide Christenson with ongoing productivity software applications that are designed to improve Christenson's fleet's daily operational functions, reduce operating costs, increase Christenson's employee productivity and enhance safety and security. The MOU has an initial term of 36 months and Christenson has agreed to pay the Company $49.95 each month for each registered subscriber.

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

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

4.1	Form of Warrant issued to the principals of Layne Morgan.
4.2	Form of Warrant issued to investors on May 4, 2004.
10.1	Consulting Agreement dated April 22, 2004 between the Company and Layne Morgan Technology Group.
10.2	Consulting agreement dated April 1, 2004 between the Company and Gunner Investments, Inc.
10.3	Memorandum of Understanding between the Company and Christenson Transportation, Inc.
10.4	Memorandum of Understanding between the Company and Mark Sullivan.
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

(b) Reports on Form 8-K

(1) A Current Report on Form 8-K was filed on February 24, 2004 to report the completion of the Company's $2,000,000 private placement.

(2) A Current Report on Form 8-K was filed on February 26, 2004 to report the consummation of a $1,000,000 loan.

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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: May 24, 2004 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

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