

CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.)

Form 10QSB/A

July 26, 2006

U.S. Securities and Exchange Commission Washington, D.C. 20549

FORM 10-QSB/A

Amendment No. 2

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the qua

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the tr

Commission File number 0-26559

CHINA MOBILITY SOLUTIONS, INC. (Exact name of small business issuer as specified in its charter)

N/A (Former name of registrant)

Florida

330-751560

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

#900 - 789 West Pender Street, Vancouver, B.C., Canada V6C 1H2 (Address of principal executive office)

(604) 632-9638 (Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 and (2) complied with all requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 that apply to the issuer.

EXPLANATORY PARAGRAPH

This Amendment No. 2 to the Form 10-QSB of China Mobility Solutions, Inc. for March 31, 2006, is

-1-

INDEX TO FORM 10-QSB/A

Page No.

PART I

Item 1. Financial Statements
3

Consolidated Balance Sheet - March 31, 2006 (unaudited)
4

Consolidated Statements of Operations - Three Months Ended March 31, 2006 and 2005 (unaudited)
5

Consolidated Statements of Stockholders' Equity - Three Months Ended March 31, 2006 and Year Ended
6

Consolidated Statements of Cash Flows - Three Months Ended March 31, 2006 and 2005 (unaudited)
7

Notes to Consolidated Financial Statements (unaudited)
8-13

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

14

Item 3. Controls and Procedures

17

PART II

Item 1. Legal Proceedings

17

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

17

Item 3. Defaults Upon Senior Securities

18

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

18

Item 5. Other Information

18

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

18

Signature Page

19

-2-

Index

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements have been adjusted with all adjustments, which, in the opinion of management,

(e) failure to commercialize its technology or to make sales; (f) rapid and significant

There is no assurance that the Company will be profitable, successfully develop, manage

-3-

Index

CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Stated in U.S. dollars

March 31, 2006

December 31, 2005

(Unaudited)

(Audited)

ASSETS

Current Assets

Cash and Cash Equivalents

\$
5,741,569
\$
6,138,609

Accounts receivable

6,835
5,870

Prepaid Expenses and Other Current Assets

113,131
235,165

Amount due from related parties

45,721
33,249

Total Current Assets

5,907,256
6,412,893

Investment

1
1

Property and Equipment, Net (Note 2)

5,646

6,248

Goodwill

4,802,520

4,802,520

Other assets

692

701

Total Assets

\$

10,716,115

\$

11,222,363

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable and Other Accrued Liabilities

\$

336,735

\$

362,013

Deferred Revenue

2,626,886

3,053,282

Convertible Debentures (Note 3)

3,350,000

3,350,000

Total Current Liabilities

6,313,621

6,765,295

Stockholders' Equity

Common Stock : \$0.001 Par Value

Authorized : 500,000,000 common shares

Issued and Outstanding : 20,011,792 shares (2005: 20,011,792 shares)

20,012

20,012

Additional Paid In Capital

18,442,826

18,442,826

Accumulated Deficit

(13,862,008)

(13,804,409)

Accumulated Other Comprehensive Loss

(198,336)

(201,361)

Total Stockholders' Equity

4,402,494

4,457,068

Total Liabilities and Stockholders' Equity

\$

10,716,115

\$

11,222,363

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

-4-

Index

CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Three Months Ended

Stated in U.S. dollars

March 31, 2006

March 31, 2005

Revenue

Mobile marketing services

\$
1,440,917

\$
1,052,529

Tuition fee

19,027

74,678

1,459,944

1,127,207

Cost of revenue

Mobile marketing services

291,833

223,545

Tuition fee

4,632

10,439

296,465

233,984

Gross profit

1,163,479

893,223

Expenses

Advertising and promotion

199,171

141,320

Consulting and professional

89,979

16,156

Depreciation

611

592

Foreign exchange loss (gain)

(1,310)

3,578

General and administrative

36,274

24,317

Interest expense

54,312

-

Investor relations

87,825

-

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB/A

Liquidated damages

201,000

-

Rent

235,913

158,615

Salaries, wages and sub-contract

341,861

300,583

Website development

-

80,000

1,245,636

725,161

Operating Income (Loss)

(82,157)

168,062

Other Income

Interest income

24,558

17,242

Other income

-

1,984

24,558

19,226

Income (loss) before minority interest

(57,599)

187,288

Minority interest

-
(126,547)

Net Income (Loss) Available to Common Stockholders

\$ (57,599)

\$60,741

Earnings (loss) per share attributable to common stockholders:

Basic and diluted

(0.00)

\$0.00

Weighted average number of common shares outstanding:

Basic and diluted

20,011,792