SKYLYNX COMMUNICATIONS INC
Form 8-K/A
June 12, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A-1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 25, 2006

SKYLYNX COMMUNICATIONS, INC.,
(Exact name of registrant as specified in its charter)

Delaware	**0-27635**	**37-1465836**
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(IRS Employer Identification No.)

1528 Stickney Point Road, Sarasota, Florida 34231
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (941) 926-2510

(Former name or former address, if changed since last report)

ITEM 4.02 NON-RELIANCE ON PREVIOUSLY ISSUED FINANCIAL

STATEMENTS OR A RELATED AUDIT REPORT

On May 20, 2006, SkyLynx Communications, Inc. the (the "Company"), concluded that investors should no longer rely on previously issued financial statements filed on Form 10-QSB because of accounting errors. Our conclusion was reached in consultation with our auditors. On May 25, 2006, we filed an Amended Quarterly Report on Form 10-QSB/A for the quarter ended September 30, 2005 and an Amended Quarterly Report on Form 10-QSB/A for the quarter ended December 31, 2005. In each of the Amended Quarterly Reports, the Company restated its financial statement for the period covered thereby to correct errors identified by the Company and its independent account in the Company s financial statements as previously filed.

Quarterly Report on Form 10-QSB/A for the Quarter Ended September 30, 2005

The Company has restated its September 30, 2005 condensed financial statements to correct an error in accounting for warrants and the beneficial conversion feature associated with the convertible notes payable. The warrants were originally bifurcated, valued at their fair value, classified as equity, and the note was discounted. The beneficial conversion was originally valued at its intrinsic value under EITF 98-5, classified as equity and interest expense was immediately recognized.

Because registration rights related to share settlement of the warrants and embedded conversion features are not within the Company s control, EITF 00-19 requires allocation of the proceeds between the various instruments (the notes, warrants, and beneficial conversion feature) and the derivative elements must be carried at fair value. Further, because the note holder possesses rights to net-cash settlement and because physical or net-share settlement is not within the control of the Company, EITF 00-19 assumes net-cash settlement and requires the derivative to be classified as a liability.

The following sets forth the effects of the restatement discussed above. Amounts reflected as As Previously Reported represent those amounts included in the Company s initial Form 10-QSB for the period ended September 30, 2005.

Condensed Consolidated Balance Sheet (Unaudited)

September 30, 2005

	As Previously Reported	Adjustment	As Restated
Derivative liability	$ -	$ 385,909	$ 385,909
Note payable	$ 755,128	$ (119,347)	$ 635,781
Net of discount of	$ 244,872	$ 119,347	$ 364,219
Additional paid-in capital	$ 7,070,439	$ (1,000,000)	$ 6,070,439
Retained deficit	$ (8,989,225)	$ 733,438	$ (8,255,787)
Total shareholders' deficit	$ (1,915,754)	$ (266,562)	$ (2,182,316)

Condensed Consolidated Statement of Operations (Unaudited)

September 30, 2005

	As Previously Reported	Adjustment	As Restated
Interest expense	$ (809,394)	$ 733,438	$ (75,956)

Condensed Consolidated Statement of Cash Flows (Unaudited)

September 30, 2005

	As Previously Reported	Adjustment	As Restated
Net loss	$ (1,155,897)	$ 733,438	$ (422,459)
Amortization of discount on note payable	$ 755,128	$ (733,438)	$ 21,690

Quarterly Report on Form 10-QSB/A for the Quarter Ended December 31, 2005

The Company has restated its December 31, 2005 condensed financial statements to correct an error in accounting for warrants and the beneficial conversion feature associated with the convertible notes payable. The warrants were originally bifurcated, valued at their fair value, classified as equity, and the note was discounted. The beneficial conversion was originally valued at its intrinsic value under EITF 98-5, classified as equity and interest expense was immediately recognized.

Because registration rights related to share settlement of the warrants and embedded conversion features are not within the Company s control, EITF 00-19 requires allocation of the proceeds between the various instruments (the notes, warrants, and beneficial conversion feature) and the derivative elements must be carried at fair value. Further, because the note holder possesses rights to net-cash settlement and because physical or net-share settlement is not within the control of the Company, EITF 00-19 assumes net-cash settlement and requires the derivative to be classified as a liability.

The following sets forth the effects of the restatement discussed above. Amounts reflected as As Previously Reported represent those amounts included in the Company s initial Form 10-QSB for the period ended December 31, 2005.

Condensed Consolidated Balance Sheet (Unaudited)

December 31, 2005

	As Previously Reported	Adjustment	As Restated
Derivative liability	$ -	$ 370,494	$ 370,494
Note payable	$ 776,735	$ (108,795)	$ 667,940
Net of discount of	$ 223,265	$ 108,795	$ 332,060
Additional paid-in capital	$ 7,132,451	$ (1,000,000)	$ 6,132,451
Retained deficit	$ (9,412,375)	$ 738,300	$ (8,674,075)
Total shareholders' deficit	$ (2,276,804)	$ (261,700)	$ (2,538,504)

Condensed Consolidated Statement of Operations (Unaudited)

Three Months ended 12/31/2005

	As Previously Reported	Adjustment	As Restated
Interest expense	$ (55,508)	$ (10,553)	$ (66,061)
Derivative gain	$ -	$ 15,415	$ 15,415

Condensed Consolidated Statement of Operations (Unaudited)

Six Months ended 12/31/2005

As Previously Reported	Adjustment	As Restated

Interest expense	$ (864,902)	$ 722,885	$ (142,017)
Derivative gain	$ -	$ 15,415	$ 15,415

The Company s Chief Executive Officer and Chief Financial Officer discussed these restatements with our independent registered accountants and concurred in this restatement. We also advised the Board of Directors and the Audit Committee of the Board of Directors of this restatement, but did not discuss it with them.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SKYLYNX COMMUNICATIONS, INC.

Date: June 12, 2006

By: */s/ Gary L. Brown*

Gary L. Brown, President

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