NB Telecom, Inc.
Form 10-Q
July 23, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the transition period from ____________________ to ______________________

Commission File No. 333-134073
NB TELECOM, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	04-3836208
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

106 May Drive
Saxonburg, PA 16056
(Address of principal executive offices) (Zip Code)
Issuer's telephone number: (724) 352-7606

No change

(Former name, former address and former

fiscal year, if changed since last report)

Copies to:
Richard W. Jones
Jones, Haley & Mottern, P.C.

115 Perimeter Center Place, Suite 170
Atlanta, Georgia 30346
(770) 804-0500
www.corplaw.net

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 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 ( )

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act subsequent to the distribution of securities under a plan confirmed by a court. Yes ( ) No ( )

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 49,632,222 shares of Common Stock, $.0001 par value, were outstanding as of June 30, 2007.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company x

NB Telecom, Inc
INDEX TO FORM 10-Q
June 30, 2007

PART I FINANCIAL INFORMATION

2

NB TELECOM, INC.
BALANCE SHEETS

	(Unaudited) June 30, 2007	(Restated) December 31, 2006
CURRENT ASSETS		
Cash	$ -	$ -
Commissions and Sales Receivable, Net	9,246	1,223
Inventory	324	-
Prepaid Expenses and Other Current Assets	165	300
TOTAL CURRENT ASSETS	9,735	1,523
FIXED ASSETS		
Telephone and Office Equipment	202,652	213,244
Vehicle	11,634	11,634
	214,286	224,878
Less: Accumulated Depreciation	(214,286)	(215,535)
Net Fixed Assets	-	9,343
TOTAL ASSETS	$ 9,735	$ 10,866
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 174,293	$ 136,342
Accrued Expenses	2,820	255
Bank Overdraft	642	1,352
Related Party Payable	156,204	144,203
Notes Payable Related Party	28,483	21,724
TOTAL CURRENT LIABILITIES	362,442	303,876
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	362,442	303,876
STOCKHOLDERS' EQUITY		
Preferred Stock, .0001 par value 10,000,000 shares authorized, 0 shares issued at June 30, 2007 and December 31, 2006	-	-
Common Stock, .0001 par value 100,000,000 shares authorized, 49,632,222 shares issued and outstanding at June 30, 2007 and December 31, 2006	4,963	4,963
Additional Paid in Capital	351,431	351,431
Retained Earnings	(709,101)	(649,404)
TOTAL STOCKHOLDERS' EQUITY	(352,707)	(293,010)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,735	$ 10,866

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

3

NB TELECOM, INC.
STATEMENT OF OPERATIONS

	(Unaudited) For the Three Months Ended June 30, 2007	(Unaudited) For the Three Months Ended June 30, 2006	(Unaudited) For the Six Months Ended June 30, 2007	(Unaudited) For the Six Months Ended June 30, 2006
SALES				
Commissions	$ 267	$ 1,886	$ 6,070	$ 2,984
Coin Collections	2,100	1,683	4,129	4,992
Dial Around	6,743	(377)	6,743	6,241
Equipment Sales	-	-	199	-
Service and Repair Sales	9,125	9,032	18,180	18,090
Total Sales	18,235	12,224	35,321	32,307
COST OF SALES				
Telecommunications Costs	15,214	22,656	30,780	34,775
Repairs and Service Supplies	-	551	-	551
Depreciation	2,522	7,590	9,342	15,179
Total Cost of Sales	17,736	30,797	40,122	50,505
Gross Profit	$ 499	$ (18,573)	$ (4,801)	$ (18,198)

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

4

NB TELECOM, INC.
STATEMENT OF OPERATIONS
(Continued)

	(Unaudited) For the Three Months Ended June 30, 2007	2006	(Unaudited) For the Six Months Ended June 30, 2007	2006
OPERATING EXPENSES				
Insurance	$ -	$ 2,905	$ -	$ 2,905
Payroll Wages and Taxes	7,157	5,526	15,154	5,526
Vehicle Expenses	1,045	2,414	2,063	2,991
Rent	500	140	593	230
Professional Fees	10,635	17,738	27,835	18,393
Office Expense	1,177	1,100	2,637	2,520
Total Operating Expenses	20,514	29,823	48,282	32,565
Total Operating Income (Loss)	(20,015)	(48,396)	(53,083)	(50,763)
OTHER INCOME (EXPENSE)				
Gain (Loss) on Sale of Equipment	6,160	-	6,160	-
Interest Expense	(4,087)	(505)	(12,127)	(845)
Total Other Income (Expense)	2,073	(505)	(5,967)	(845)
Net Loss Before Taxes	(17,942)	(48,901)	(59,050)	(51,608)
Federal Tax	(647)	-	(647)	-
NET LOSS	$ (18,589)	$ (48,901)	$ (59,697)	$ (51,608)
Weighted Common Shares Outstanding	49,632,222	49,632,222	49,632,222	49,632,222
Net Loss per Common Share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

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

NB TELECOM, INC.
STATEMENT OF CASH FLOWS

	(Unaudited) For the Six Months Ended June 30, 2007	2006
Cash Flows From Operating Activities:		
Net Loss	$ (59,697)	$ (51,608)
Adjustments to reconcile net (loss) to net		
cash provided (used) by operating activities:		
Depreciation Expense	9,342	15,179
(Gain) Loss on Sale of Equipment	(6,160)	-
(Increase) Decrease in Commission Receivables	(8,023)	7,131
(Increase) Decrease in Inventory	(324)	-
(Increase) Decrease in Prepaid and Other Current Assets	275	-
Increase (Decrease) in Accounts Payable	37,951	14,472
Increase (Decrease) in Accrued Expenses	2,565	-
Increase (Decrease) in Related Party Payable	12,002	1,795
Net cash used in operating activities	(12,069)	(13,031)
Cash Flows From Investing Activities:		
Proceeds from Sale of Equipment	6,160	-
Net cash provided by investing activities	6,160	-
Cash Flows From Financing Activities:		
Proceeds from Bank Overdraft	(850)	261
Proceeds from Related Party Notes	6,759	10,737
Payments on Notes Payable	-	-
Net cash provided by financing activities	5,909	10,998
Net Increase (Decrease) in cash	-	(2,033)
Cash - Beginning of Period	-	2,033
Cash - End of Period	$ -	$ -
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During The Period For:		
Interest	$ (11,226)	$ (845)
Income Taxes	$ -	$ -

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

6

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies

Restatement of previously issued financial statements of the year ended December 31, 2005

We have restated our balance sheet at December 31, 2005 and statements of income, stockholders' equity and cash flows for the year ended December 31, 2005. The restatement impacts the year ended December 31, 2005, but has no effect on the financial statements issued in prior fiscal years. The statement of income previously reported a net loss of ($68,491) for 2005. The net loss should have been ($89,500) for 2005. The restatement corrects an error within the salary paid to the president and the appropriate allocation of common expenses to the company, which was not recorded appropriately in the original statements of income. In addition, the 2005 restatement also affected the 2006 numbers in that retained earnings and related party payables have changed due to the roll forward of previous balances. The related party payable and retained earnings previously reported a balance of $157,003 and $662,204 respectively for 2006. The balances should have been $144,204 and $649,405 respectively for 2006.

Organization

NB Telecom, Inc. (the "Company") was originally incorporated as NB Payphones Ltd. under the laws of the state of Pennsylvania on November 16, 1999. On December 27, 2005 the Company migrated its state of organization to the state of Nevada and effective March 23, 2006, the Company's name changed to NB Telecom, Inc.

Nature of Business

NB Telecom, Inc. is currently a provider of both privately owned and company owned payphones (COCOT's) and stations in Pennsylvania. The Company receives revenues from the collection of the payphone coinage, a portion of usage of service from each payphone and a percentage of long distance calls placed from each payphone from the telecommunications service providers. In addition, the Company also receives revenues from the service and repair of privately owned payphones, sales of payphone units and the sales of prepaid phone cards.

Nature of Operations and Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which contemplates the Company as a going concern. However, the Company has a retained deficit of approximately $709,000. The company has a current ratio of .027 for the period ended June 30, 2007, and has a deficit in stockholders' equity. The Company's ability to continue as a going concern is dependent upon obtaining the additional capital as well as additional revenue to be successful in its planned activity. The Company is actively pursuing alternative financing and has had discussions with various third parties, although no firm commitments have been obtained. In the interim, shareholders of the Company have committed to meeting its minimal operating expenses. Management believes that actions presently being taken to revise the Company's operating and financial requirements provide them with the opportunity to continue as a going concern.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies (Continued)

Nature of Operations and Going Concern (Continued)

These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a "going concern". While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

If the Company were unable to continue as a "going concern", then substantial adjustments would be necessary to the carrying values of assets, the reported amounts of its liabilities, the reported revenues and expenses, and the balance sheet classifications used.

Interim Reporting

The unaudited financial statements as of June 30, 2007 and 2006 and for the three and six months then ended, reflect in the opinion of management, all adjustments (which include only nominal recurring adjustments) necessary to fairly state the financial position and results of operations for the three and six months ended. Operating results for interim periods are not necessarily indicative of the results which can be expected for full years.

Summary of Significant Accounting Policies

This summary of accounting policies for NB Telecom, Inc. is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

Concentrations of Credit Risk

The Company's payphones are located primarily in Pennsylvania and usage of those phones may be affected by economic conditions in those areas. The company has experienced about a 30% drop in revenue, due to increased competition from other payphone providers and increase usage of wireless communications.

The Company maintains cash balances with a financial institution insured by the Federal Deposit Insurance Corporation up to $100,000. There are no uninsured balances at June 30, 2007 and December 31, 2006.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents for purposes of classification in the balance sheets and statement of cash flows. Cash and Cash equivalents consists of cash in bank (checking) accounts.

Allowance for Doubtful Accounts

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

Fixed Assets and Depreciation

Fixed assets are stated at cost. Depreciation is calculated on a straight-line basis over the useful lives of the related assets, which range from five to seven years.

Financial Instruments

The Company's financial assets and liabilities consist of accounts receivable, inventory, and accounts payable. Except as otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the sort-term maturities of these instruments.

Income Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". Under SFAS No. 109, deferred income taxes are recognized using the asset and liability method by applying tax rates to cumulative temporary differences based on when and how they are expected to affect the tax return. Deferred tax assets and liabilities are adjusted for income tax rate changes.

Reclassification

Certain reclassifications have been made in the 2006 financials statements to conform to the June 30, 2007 presentation.

Net (Loss) per Common Share

Net loss per common share has been calculated by taking the net loss for the current period and dividing by the weighted average shares outstanding at the end of the period. There were no common equivalent shares outstanding at June 30, 2007 and 2006.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company derives its primary revenue from the sources described below, which includes dial around revenues, coin collections, and telephone equipment repairs and sales. Other revenues generated by the company include, phone card sales, and commissions.

Dial around revenues are generated from calls to gain access to a different long distance carrier than is already programmed into the phone. Revenues from dial around calls are recorded based upon estimates until the coin collection revenues are generated when callers deposit coins into the phones to make calls. Coin revenues are recorded in an amount equal to the coins collected. Revenues on commissions, phone card sales, and telephone equipment repairs and sales are realized when the services are provided.

Stock-Based Compensation

Effective January 1, 2006, the company adopted the provisions of SFAS No. 123 (R) requiring employee equity awards to be accounted for under the fair value method. Accordingly, share-based compensation is measured at grant date, based on the fair value of the award. Prior to June 1, 2006, the company accounted for awards granted to employees under its equity incentive plans under the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees” (APB 25), and related interpretations, and provided the required pro forma disclosures prescribed by SFAS No. 123, “Accounting for Stock-Based Compensation” (SFAS No. 123), as amended. No stock options were granted to employees during the years ended December 31, 2006, and 2005 and accordingly, no compensation expense was recognized under APB No. 25 for the years ended December 31, 2007, and 2006. In addition, no compensation expense is recognized under provisions of SFAS No. 123 (R) with respect to employees as no stock options where granted to employees.

Under the modified prospective method of adoption for SFAS No. 123 (R), the compensation cost recognized by the company beginning on June 1, 2006 includes (a) compensation cost for all equity incentive awards granted prior to, but not vested as of June 1, 2006, based on the grant-dated fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all equity incentive awards granted subsequent to June 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No, 123 (R). The company uses the straight-line attribution method to recognize share-based compensation costs over the service period of the award. Upon exercise, cancellation, forfeiture, or expiration of stock options, or upon vesting or forfeiture of restricted stock units, deferred tax assets for options and restricted stock units with multiple vesting dates are eliminated for each vesting period on a first-in, first-out basis as if each vesting period was a separate award. To calculate the excess tax benefits available for use in offsetting future tax shortfalls as of the dated of implementation, the company followed the alternative transition method discussed in FASB Staff Position No. 123 (R)-3. During the periods ended June 30, 2007 and 2006, no stock options were granted to non-employees.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation (Continued)

Accordingly, no stock-based compensation expense was recognized for new stock option grants in the Statement of Operations and Comprehensive Loss at June 30, 2007 and 2006.

Recent Accounting Standards

In February 2007, the FASB issued SFAS no, 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). SFAS 159 provides companies with an option to report selected financials assets and liabilities at fair value. The objective of SFAS 159 is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Generally accepted accounting principles have required different measurement attributes for different assets and liabilities that can create artificial volatility in earnings. The FASB has indicated it believes that SFAS 159 helps to mitigate this type of accounting-induced volatility by enabling companies to report related assets and liabilities at fair value, which would likely reduce the need for companies to comply with detailed rules for hedge accounting. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in SFAS 157 and SFA No. 107, “Disclosures about Fair Value of Financial Instruments.”SFAS 159 is effective for the Company as of the beginning of fiscal year 2008. The adoption of this pronouncement is not expected to have an impact on the Company’s financial position, results of operations or cash flows.

In December 2007, the FASB issued No. 160, “Noncontrolling Interests in Financial Statements, an amendment of ARB No. 51" (“SFAS 160"). SFAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years beginning on or after December 15, 2008. Early adoption is not permitted. Management is currently evaluating the effects of this statement, but it is not expected to have any impact on the Company’s financial statements.

In December 2007, the FASB issued No. 141(R), “Business Combinations” (“SFAS 141(R)”. SFAS 141(R) provides companies with principles and requirements on how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree as well as the recognition and measurement of goodwill acquired in a business combination. SFAS 141(R) also requires certain disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Acquisition costs associated with the business combination will generally be expensed as incurred. SFAS 141(R) is effective for business combinations occurring

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent Accounting Standards (Continued)

in fiscal years beginning after December 15, 2008, which will require the Company to adopt these provisions for business combinations occurring in fiscal 2009 and thereafter. Early adoption of SFAS 141(R) is not permitted. Management is currently evaluating the effects of this statement, but it is not expected to have any impact on the Company's financial statements.

In March 2008, the FASB issued No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. Management is currently evaluating the effects of this statement, but it is not expected to have any impact on the Company's financial statements.

Note 2 Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis (FIFO), or market value. Inventory consists of the following:

	June 30, 2007	December 31, 2006
Parts and Accessories	$ 324	$ -

Note 3 Uncertain Tax Provisions

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The adoption of the provisions of FIN 48 did not have a material impact on the company's financial position and results of operations. At January 1, 2007, the company had no liability for unrecognized tax benefits and no accrual for the payment of related interest.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 3 Uncertain Tax Provisions (Continued)

Interest costs related to unrecognized tax benefits are classified as “Interest expense, net” in the accompanying statements of operations. Penalties, if any, would be recognized as a component of “Selling, general and administrative expenses”. The Company recognized $0 of interest expense related to unrecognized tax benefits during 2007. In many cases the company’s uncertain tax positions are related to tax years that remain subject to examination by relevant tax authorities.

With few exceptions, the company is generally no longer subject to U.S. federal, state, local or non-U.S. income tax examinations by tax authorities for years before 2004. The following describes the open tax years, by major tax jurisdiction, as of January 1, 2007:

United States (a) 2004– Present

(a) Includes federal as well as state or similar local jurisdictions, as applicable.

Note 4 Commissions and Sales Receivable

Commissions and Sales Receivable consists of the following:

	June 30, 2007	December 31, 2006
Commissions Receivable	$ 1,700	$ -
Sales Receivable	7,546	1,223
	$ 9,246	$ 1,233

Note 5 Related Party Note

The Company has a note payable to Craig Burton, Secretary of the Company. This note is payable on demand and carries and interest of 10%. The outstanding principal on the note was $5,000 as of June 30, 2007 and December 31, 2006. The accrued interest was $855 and $570 as of June 30, 2007 and December 31, 2006, respectively.

The Company has a note payable with a relative of Joseph Passalaqua, shareholder of the Company. This note is payable on demand and carries and of 10%. The outstanding principal on the note was $5,000 as of June 30, 2007 and December 31, 2006. The accrued interest was $855 and $570 as of June 30, 2007 and December 31, 2006, respectively.

The Company has a notes payable with Joseph Passalaqua, shareholder of the Company. These notes carry a principal balance of $15,000 and $10,000 as of June 30, 2007 and December 31, 2006 and are due on demand carrying interest ranging from 10% to 15%. The accrued interest was $1,773 and $584 as of June 30, 2007 and December 31, 2006, respectively.

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 6 Related Party Payable

As of June 30, 2007 and December 31, 2006 the Company had payables due to USIP.Com, Inc., the Company’s parent company in the amount of $143,588 and $143,588, respectively.

As of June 30, 2007 and December 31, 2006 the Company had a payable due to Datone, Inc., a subsidiary of the Company's parent company in the amount of $12,616 and $615.

Note 7 Commitments

As of June 30, 2007 and December 31, 2006, all activities of the Company have been conducted by corporate officers from either Companies Parents business offices. Currently, there are no outstanding debts owed by the company for the use of these facilities and there are no commitments for future use of the facilities.

Note 8 Major Dial Around Compensation Providers (Commissions)

The Company received approximately 95% of total dial around and zero-plus compensation (commissions) from two providers. The loss of these providers would adversely impact the business of the Company.

Note 9 Income Taxes

As of December 31, 2006, the Company had a net operating loss carry forward for income tax reporting purposes of approximately $330,000 that may be offset against future taxable income through 2025. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

	2006	2005
Net Operating Losses & Other	112,200	49,692
Valuation Allowance	(112,200)	(49,692)
	-	-

The provision for income taxes differs from the amount computed using the federal US statutory income tax rate as follows:

	2006	2005
Provision (Benefit) at US Statutory Rate	(62,262)	(30,426)
Other Differences	(246)	7,139
Increase (Decrease) in Valuation Allowance	62,508	23,287
	-	-

NB TELECOM, INC.
NOTES TO THE FINANCIAL STATEMENTS

Note 9 Income Taxes (Continued)

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

Note 10 Merger and Spinoff

On December 27, 2005 the Company signed an Agreement and Plan of Merger ("Agreement") with NB Telecom, Inc., ("Telecom") a newly formed Nevada corporation. Under the terms of the proposed Merger the Company shall be merged into Telecom, with Telecom continuing as the surviving corporation. The Merger became effective as of March 23, 2006. The SEC granted effectiveness of NB Telecom August 24, 2007.

The financial statements present only the accounts of NB Telecom, Inc. which was a wholly owned subsidiary of USIP.COM, Inc. until the spin off effective date of August 24. The spin-off is accounted for as a recapitalization of the Company, accordingly the financial statements are restated to reflect the 49,632,222 shares outstanding after the spin-off in all periods presented

Note 11 Common Stock Transactions

The spin off from USIP was effective August 24, 2007 which resulted in 49,632,222 shares being issued at $.0001 per share. This change has been accounted for retro actively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward Looking Statements

Some of the information in this section contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. You should read statements that contain these words carefully because they:

discuss our future expectations;

contain projections of our future results of operations or of our financial condition; and

state other "forward-looking" information.

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict or over which we have no control. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors," "Business" and elsewhere in this prospectus. See "Risk Factors."

Organization and Basis of Presentation

NB Telecom, Inc. is currently a provider of both privately owned and company owned payphones (COCOT's) and stations in New York. The Company receives revenues from the collection of the payphone coinage, a portion of usage of service from each payphone and a percentage of long distance calls placed from each payphone from the telecommunications service providers. In addition, the Company also receives revenues from the service and repair of privately owned payphones, sales of payphone units and the sales of prepaid phone cards.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. However, future events are subject to change, and the best estimates and judgments routinely require adjustment. The amounts of assets and liabilities reported in our consolidated balance sheet, and the amounts of revenues and expenses reported for each of our fiscal periods, are affected by estimates and assumptions which are used for, but not limited to, the accounting for allowance for doubtful accounts, goodwill and intangible asset impairments, restructurings, inventory and income taxes. Actual results could differ from these estimates. The following critical accounting policies are significantly affected by judgments, assumptions and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition Policies

The Company derives its primary revenue from the sources described below, which includes dial around revenues, coin collections, and telephone equipment repairs and sales. Other revenues generated by the company include, phone card sales, and commissions.

Dial around revenues are generated from calls to gain access to a different long distance carrier than is already programmed into the phone. Revenues from dial around calls are recorded based upon estimates until the coin collection revenues are generated when callers deposit coins into the phones to make calls. Coin revenues are recorded in an amount equal to the coins collected. Revenues on commissions, phone card sales, and telephone equipment repairs and sales are realized when the services are provided.

THREE MONTHS ENDED JUNE 30, 2007 COMPARED TO THREE MONTHS ENDED JUNE 30, 2006

REVENUES

Our total revenue increased by $6,011 or approximately 49.2%, from $12,224 in the three months ended June 30, 2006 to $18,235 in the three months ended June 30, 2007. This increase was primarily attributable to the increase of dial around revenue.

Our commissions decreased by $1,619 or approximately 85.8%, from $1,886 in the three months ended June 30, 2006 to $267 in the three months ended June 30, 2007. This decrease was primarily due to a decrease in long distance phone calls derived from advertisements on our network of payphones.

Our coin call revenues increased by $417 or approximately 24.8%, from $1,683 in the three months ended June 30, 2006 to $2,100 in the three months ended June 30, 2007. The increase in coin call revenue was primarily attributable to increase in activity.

Our non-coin call revenue, which is comprised primarily of dial-around revenue increased $7,120 approximately 1,888.6% from $(377) in the three months ended June 30, 2006 to $6,743 in the three months ended June 30, 2007. This increase was primarily attributable to properly recording the accrual of revenues.

Service & Repair Sales increased by $93 when compared to the same period in 2006.

COSTS OF SALES

Our overall cost of sales decreased in the three months ending June 30, 2007 by $13,061 or approximately 42.4% when compared to the three months ending June 30, 2006. This decrease in our overall cost is primarily due to 25% less payphones. Our telecommunication costs decreased by $7,442, due to the cost of providing telephone service to 25% less phones. This number reflects an overall reduction of payphones due to our ongoing strategy of identifying and removing unprofitable payphones. Once a low revenue payphone is identified, we offer the site owner an opportunity to purchase the equipment. If the site owner does not purchase the payphone, we remove it from the site.

Depreciation expense decreased by $5,068 when compared to the same period in 2006. This decrease is due to certain assets being fully depreciated and our on going strategy of identifying unprofitable payphones, and selling them to the site owners. Once a payphone is sold to the site owner it is removed from our assets and depreciation schedules. We own telephone equipment and motor vehicles, which provide a service for a number of years. The term of service is commonly referred to as the “useful life” of the asset. Because an asset such as telephone equipment or motor vehicle is expected to provide service for many years, it is recorded as an asset, rather than an expense, in the year acquired. A portion of the cost of the long-lived asset is reported as an expense during the cost of an asset to expense over its life in a rational and systematic manner.

Our cost of sales for repairs, service, travel and supplies decreased by $551 a direct result of the management team’s ongoing efforts to reduce cost.

OPERATION AND ADMINISTRATIVE EXPENSES

Operating expenses decreased by $9,309 or approximately 31.2% over the same period in 2006. Approximately 76.3% of this increase is related to fees we pay to accountants and attorneys throughout the year for performing various tasks. Salaries and related payroll taxes increased by $1,631 when compared to the same period in 2006. Our insurance expense decreased by $2,905 when compared to the same fiscal period 2006. Rent increased by $360 when compared to 2006. Professional fees decreased by $7,103 over 2006. These are fees we pay to accountants and attorneys throughout the year for performing various tasks. Our telephone, utilities, office, and vehicle expenses, together account for a decrease of $1,292 when compared to the same period ending June 30, 2006.

Interest Expense

Interest expense, net, increased for the three month period ended June 30, 2007 to $4,087 from $505 for the three month period ended June 30, 2006. This increase was due to more interest-rate debt.

Net Loss from Operations

We had net loss of $18,589 for the three month period ended June 30, 2007 as compared to a net loss of $48,901 for the three month period ended June 30, 2006. This decrease was due to a decrease in cost of sales for the three month period ended June 30, 2007.

SIX MONTHS ENDED JUNE 30, 2007 COMPARED TO SIX MONTHS ENDED JUNE 30, 2006

REVENUES

Our total revenue increased by $3,014 or approximately 9.3%, from $32,307 in the six months ended June 30, 2006 to $35,321 in the six months ended June 30, 2007. This increase was primarily attributable to the increase of commission revenue.

Our commissions increased by $3,086 or approximately 103.5%, from $2,984 in the six months ended June 30, 2006 to $6,070 in the six months ended June 30, 2007. This increase was primarily due to an increase in long distance phone calls derived from advertisements on our network of payphones.

Our coin call revenues decreased by $863 or approximately 17.3%, from $4,992 for the six months ended June 30, 2006 to $4,129 for the six months ended June 30, 2007. The decrease in coin call revenue was primarily attributable to the reduced number of payphones we operated coupled with the increased competition from wireless communication services. We reduced our network of payphones approximately 25%.

Our non-coin call revenue, which is comprised primarily of dial-around revenue increased $502 approximately 8.1% from $6,241 in the six months ended June 30, 2006 to $6,743 in the six months ended June 30, 2007. This increase was primarily attributable to an increased frequency of dial around usage.

Service & Repair Sales increased by $289 when compared to the same period in 2006.

COST OF SALES

Our overall cost of sales decreased in the six months ending June 30, 2007 by $10,383 or approximately 20.6% when compared to the six months ending June 30, 2006. This decrease in our overall costs is primarily due to 25% less payphones. Our telecommunication costs decreased by $3,995, due to the cost of providing telephone service to 25% less phones. This number reflects an overall reduction of payphones due to our ongoing strategy of identifying and removing unprofitable payphones. Once a low revenue payphone is identified, we offer the site owner an opportunity to purchase the equipment. If the site owner does not purchase the payphone, we remove it from the site.

Depreciation expense decreased by $5,837 when compared to the same period in 2006. This decrease is due to certain assets being fully depreciated and our on going strategy of identifying unprofitable payphones, and selling them to the site owners. Once a payphone is sold to the site owner it is removed from our assets and depreciation schedules. We own telephone equipment and motor vehicles, which provide a service for a number of years. The term of service is commonly referred to as the “useful life” of the asset. Because an asset such as telephone equipment or motor vehicle is expected to provide service for many years, it is recorded as an asset, rather than an expense, in the year acquired. A portion of the cost of the long-lived asset is reported as an expense during the period in order to allow us to expense the asset over its life in a rational and systematic manner.

Our cost of sales for repairs, service, travel and supplies decreased by $551, a direct result of the management team’s ongoing efforts to reduce cost.

OPERATION AND ADMINISTRATIVE EXPENSES

Operating expenses increased by $15,717 or approximately 48.3% over the same period in 2006. Approximately 60.1% of this increase is related to fees we pay to accountants and attorneys throughout the year for performing various tasks. Salaries and related payroll taxes were increase by $9,628 when compared to the same period in 2006. Our insurance expense decreased by $2,905 when compared to the same fiscal period 2006. Rent increased by $363 when compared to 2006. Professional fees increased by $9,442 over 2006. These are fees we pay to accountants and attorneys throughout the year for performing various tasks. Our telephone, utilities, office, and vehicle expenses, together account for a decrease of $811 when compared to the same period ending June 30, 2006.

Interest Expense

Interest expense, increased for the period ended June 30, 2007 to $12,127 from $845 for the period ended June 30, 2006. This increase was due to more interest-rate debt.

Net Loss from Operations

We had net loss of $59,697 for the period ended June 30, 2007 as compared to a net loss of $51,608 for the period ended June 30, 2006. This increased loss due to an increase in operating expenses for the period ended June 30, 2007.

Liquidity and Capital Resources

Our primary liquidity and capital resource needs are to finance the costs of our operations.

As of June 30, 2007, we had $0 cash on hand, compared to $0 as of June 30, 2006.

We believe that we will continue to need investing and financing activities to fund operations.

Net cash used in operating activities was $12,069 during the six-month period ended June 30, 2007, mainly representative of the net loss incurred during 2007. This compares to net cash used in operating activities of $13,031for the six-month period ended June 30, 2006.

Net cash provided by investing activities was $6,160 during the six-month period ended June 30, 2007, due to proceeds from sale of equipment.

Net cash provided by financial activities was $5,909 during six-month period ended June 30, 2007, mainly representing the proceeds from related party notes. This compares to net cash provided by financing activities of $10,998 for the six-month period ended June 30, 2006 due to proceeds received from related party notes.

Our expenses to date are largely due to professional fees and the cost of sales for telephone communication fees.

We believe that our results of operations will provide us with the necessary funds to satisfy our liquidity needs for the next six months. To the extent they are not, however, our principal stockholders have agreed to fund our operations for the next twelve-month period and beyond.

Working Capital

As of June 30, 2007, we had total assets of $9,735 and total liabilities of $362,442, which results in working deficit of $(352,707) as compared to total assets of $10,866 and total liabilities of $303,876 resulting in a working deficit of $(293,010) as of December 31, 2006.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS.

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES.

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

(a) Evaluation of Disclosure Controls and Procedures

19

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and our principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon the evaluation our principal executive officer and our principal financial officer concluded that, as of the end of the period, the Company's disclosure controls and procedures were effective in timely alerting them to material information relating to the Company required to be included in the reports that the Company files and submits pursuant to the Exchange Act.

(b) Changes in Internal Controls

Based on their evaluation as of June 30, 2007, there were no significant changes in the Company's internal controls over financial reporting or in any other areas that could significantly affect the Company's internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Not applicable.

ITEM 1A. RISK FACTORS.

RISKS ASSOCIATED WITH OUR BUSINESS

In addition to the other information in this report, the following risks should be considered carefully in evaluating our business and prospects:

UNLESS WE CAN REVERSE OUR HISTORY OF LOSSES, WE MAY HAVE TO DISCONTINUE OPERATIONS.

If we are unable to achieve or sustain profitability, or if operating losses increase in the future, we may not be able to remain a viable company and may have to discontinue operations. Our expenses have historically exceeded our revenues and we have had losses in all fiscal years of operation, including those in fiscal years 2006 through 2007, and the losses are projected to continue in 2008. We have been concentrating on the development of our products, services and business plan. Our management believes that we can be profitable and that our business plan will be successful; however, there is no assurance that we will be successful in implementing our business plan or that we will be profitable now or in the future.

WE WILL NEED ADDITIONAL CAPITAL FINANCING IN THE FUTURE.

We may be required to seek additional financing in the future to respond to increased expenses or shortfalls in anticipated revenues, accelerate product development and deployment, respond to competitive pressures, develop new or enhanced products, or take advantage of unanticipated acquisition opportunities. We cannot be certain we will be able to find such additional financing on reasonable terms, or at all. If we are unable to obtain additional financing when needed, we could be required to modify our business plan in accordance with the extent of available financing.

IF WE ENGAGE IN ACQUISITIONS, WE MAY EXPERIENCE SIGNIFICANT COSTS AND DIFFICULTY ASSIMILATING THE OPERATIONS OR PERSONNEL OF THE ACQUIRED COMPANIES, WHICH COULD

THREATEN OUR FUTURE GROWTH.

If we make any acquisitions, we could have difficulty assimilating the operations, technologies and products acquired or integrating or retaining personnel of acquired companies. In addition, acquisitions may involve entering markets in which we have no or limited direct prior experience. The occurrence of any one or more of these factors could disrupt our ongoing business, distract our management and employees and increase our expenses. In addition, pursuing acquisition opportunities could divert our management's attention from our ongoing business operations and result in decreased operating performance. Moreover, our profitability may suffer because of acquisition-related costs or amortization of acquired goodwill and other intangible assets. Furthermore, we may have to incur debt or issue equity securities in future acquisitions. The issuance of equity securities would dilute our existing stockholders.

IF WE CANNOT ATTRACT, RETAIN, MOTIVATE AND INTEGRATE ADDITIONAL SKILLED PERSONNEL, OUR ABILITY TO COMPETE WILL BE IMPAIRED.

Many of our current and potential competitors have more employees than we do. Our success depends in large part on our ability to attract, retain and motivate highly qualified management and technical personnel. We face intense competition for qualified personnel. The industry in which we compete has a high level of employee mobility and aggressive recruiting of skilled personnel. If we are unable to continue to employ our key personnel or to attract and retain qualified personnel in the future, our ability to successfully execute our business plan will be jeopardized and our growth will be inhibited.

WE MAY BE UNABLE TO ADEQUATELY PROTECT OUR PROPRIETARY RIGHTS OR MAY BE SUED BY THIRD PARTIES FOR INFRINGEMENT OF THEIR PROPRIETARY RIGHTS.

The telecommunications industry is characterized by the existence of a large number of patents and frequent litigation based on allegations of trade secret, copyright or patent infringement. We may inadvertently infringe a patent of which we are unaware. In addition, because patent applications can take many years to issue, there may be a patent application now pending of which we are unaware that will cause us to be infringing when it is issued in the future. If we make any acquisitions, we could have similar problems in those industries. Although we are not currently involved in any intellectual property litigation, we may be a party to litigation in the future to protect our intellectual property or as a result of our alleged infringement of another's intellectual property, forcing us to do one or more of the following:

- Cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- Obtain from the holder of the infringed intellectual property right a license to sell or use the relevant technology, which license may not be available on reasonable terms; or
- Redesign those products or services that incorporate such technology.

A successful claim of infringement against us, and our failure to license the same or similar technology, could adversely affect our business, asset value or stock value. Infringement claims, with or without merit, would be expensive to litigate or settle, and would divert management resources.

Our employees may be bound by confidentiality and other nondisclosure agreements regarding the trade secrets of their former employers. As a result, our employees or we could be subject to allegations of trade secret violations and other similar violations if claims are made that they breached these agreements.

BECAUSE OUR OFFICERS AND DIRECTORS ARE INDEMNIFIED AGAINST CERTAIN LOSSES, WE MAY BE EXPOSED TO COSTS ASSOCIATED WITH LITIGATION.

If our directors or officers become exposed to liabilities invoking the indemnification provisions, we could be exposed to additional unreimbursable costs, including legal fees. Our articles of incorporation and bylaws provide that our directors and officers will not be liable to us or to any shareholder and will be indemnified and held harmless for any consequences of any act or omission by the directors and officers unless the act or omission constitutes gross negligence or willful misconduct. Extended or protracted litigation could have a material adverse effect on our cash flow.

WE WILL DEPEND ON OUTSIDE MANUFACTURING SOURCES AND SUPPLIERS.

We may contract with third party manufacturers to produce our products and we will depend on third party suppliers to obtain the raw materials necessary for the production of our products. We do not know what type of contracts we will have with such third party manufacturers and suppliers. In the event we outsource the manufacturing of our products, we will have limited control over the actual production process. Moreover, difficulties encountered by any one of our third party manufacturers, which result in product defects, delayed or reduced product shipments, cost overruns or our inability to fill orders on a timely basis, could have an adverse impact on our business. Even a short-term disruption in our relationship with third party manufacturers or suppliers could have a material adverse effect on our operations. We do not intend to maintain an inventory of sufficient size to protect ourselves for any significant period of time against supply interruptions, particularly if we are required to obtain alternative sources of supply.

OUR STOCK PRICE MAY BE VOLATILE.

The market price of our common stock will likely fluctuate significantly in response to the following factors, some of which are beyond our control:

- Variations in our quarterly operating results;
- Changes in financial estimates of our revenues and operating results by securities analysts;
- Changes in market valuations of telecommunications equipment companies;
- Announcements by us of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Additions or departures of key personnel;
- Future sales of our common stock;
- Stock market price and volume fluctuations attributable to inconsistent trading volume levels of our stock;
- Commencement of or involvement in litigation.

In addition, the equity markets have experienced volatility that has particularly affected the market prices of equity securities issued by technology companies and that often has been unrelated or disproportionate to the operating results of those companies. These broad market fluctuations may adversely affect the market price of our common stock.

WE DO NOT ANTICIPATE PAYING ANY DIVIDENDS ON OUR COMMON STOCK.

We have not paid any dividends on our Common Stock since inception and do not anticipate paying any dividends on our Common Stock in the foreseeable future. Instead, we intend to retain any future earnings for use in the operation and expansion of our business.

WE ARE CURRENTLY SUBJECT TO SEC REGULATIONS RELATING TO LOW-PRICED STOCKS, THE MARKET FOR OUR COMMON STOCK COULD BE ADVERSELY AFFECTED.

The Securities and Exchange Commission has adopted regulations concerning low-priced (or "penny") stocks. The regulations generally define "penny stock" to be any equity security that has a market price less than $5.00 per share, subject to certain exceptions. If our shares are offered at a market price less than $5.00 per share, and do not qualify for any exemption from the penny stock regulations, our shares may become subject to these additional regulations relating to low-priced stocks.

The penny stock regulations require that broker-dealers, who recommend penny stocks to persons other than institutional accredited investors make a special suitability determination for the purchaser, receive the purchaser's written agreement to the transaction prior to the sale and provide the purchaser with risk disclosure documents that identify risks associated with investing in penny stocks. Furthermore, the broker-dealer must obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before effecting a transaction in penny stock. These requirements have historically resulted in reducing the level of trading activity in securities that become subject to the penny stock rules.

The additional burdens imposed upon broker-dealers by these penny stock requirements may discourage broker-dealers from effecting transactions in the common stock, which could severely limit the market liquidity of our common stock and our shareholders' ability to sell our common stock in the secondary market.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES ANS USE OF PROCEEDS.

Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
3	*Articles of Incorporation filed on December 1, 2005. *Bylaws.
31.1	Sarbanes-Oxley Act of 2002 Section 302 Certification for Craig Burton
31.2	Sarbanes-Oxley Act of 2002 Section 302 Certification for Paul Kelly
32.1	Sarbanes-Oxley Act of 2002 Section 906 Certification for Craig Burton
32.2	Sarbanes-Oxley Act of 2002 Section 906 Certification for Paul Kelly

*Filed as an exhibit to the Company's Registration Statement on Form 10-SB, as filed with the Securities and Exchange Commission on May 16, 2006.

SIGNATURES

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

NB TELECOM, INC.
(Registrant)

Dated: July 16, 2008 /S/ Paul Kelly
Paul Kelly
President, Principal Executive Officer

Dated: July 16, 2008 /S/ Craig Burton
Craig Burton
Secretary, Principal Financial Officer.