

INNOVATIVE DESIGNS INC
Form 10QSB/A
June 27, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-QSB/A

☒ [X]

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

OR

☐ []

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION
PERIOD FROM _____ to _____

COMMISSION FILE NUMBER: **333-103746**

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

INNOVATIVE DESIGNS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

03-0465528

(IRS Employer Identification No.)

223 North Main Street, Suite 1

Pittsburgh, Pennsylvania 15215

(Address of principal executive offices)

(412) 799-0350

(Registrant's telephone number, including area code)

Not applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

All Correspondence to:

Christopher H. Williams, Esquire

Leech Tishman Fuscaldo & Lampl, LLC

Citizens Bank Building, 30th Floor

525 William Penn Place

Pittsburgh, Pennsylvania 15025

As of April 31, 2006, there were 16,686,193 shares of the registrant's common stock outstanding.

Transitional Small Business Disclosure Format (Check one): Yes [] No [X]

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

INNOVATIVE DESIGNS, INC.

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Explanatory Note

This Amendment on Form 10-QSB/A amends and restates our Quarterly Report on Form 10-QSB for the quarter ended April 30, 2006 to adequately reflect the circumstances surrounding Innovative Designs, Inc.'s signing of the Exclusive License and Manufacturing Agreement with the Ketut Group. .

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

PART 1 - FINANCIAL INFORMATION

INNOVATIVE DESIGNS, INC.

(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

ITEM 1. FINANCIAL STATEMENTS.

The information in this report for the three months ended April 30, 2006 is unaudited but includes all adjustments (consisting only of normal recurring accruals, unless otherwise indicated) which the "Company" considers necessary for a fair presentation of the financial position, results of operations, changes in stockholders' equity and cash flows for those periods.

The condensed consolidated financial statements should be read in conjunction with the Company's financial statements and the notes thereto contained in the Company's Audited Financial Statements for the year ended October 31, 2005 in the Form 10-KSB/A filed with the SEC on May 22, 2006.

Interim results are not necessarily indicative of results for the full fiscal year.

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

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

BALANCE SHEETS

April 30, 2006 and October 31, 2005

(Unaudited)

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

BALANCE SHEETS

April 30, 2006 and October 31, 2005

(Unaudited)

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
	\$	\$
Cash	61,372	42,434
Accounts receivable	220,475	270,739
Inventory	443,653	316,706
Other assets	54,792	48,875
Total current assets	780,292	678,754
PROPERTY AND EQUIPMENT, NET	23,176	27,489
	\$	\$
TOTAL ASSETS	803,468	706,243

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:		
Accounts payable	\$	\$
	49,085	55,712
Accounts payable - related party	28,220	28,220
Current portion of notes payable	119,006	119,941
Current portion of related party debt		374,000
144,000		
Due to shareholders		40,500
67,500		
Accrued expenses		10,237
9,036		
Total current liabilities	416,847	628,610

LONG TERM LIABILITIES:

Long-term portion of notes payable		294,738
	437,121	
Total long term liabilities	437,121	294,738
TOTAL LIABILITIES	853,968	923,348

STOCKHOLDERS' DEFICIT:

Preferred stock, \$.0001 par value, 100,000,000 shares authorized		
Common stock, \$.0001 par value, 500,000,000 shares authorized, 16,686,193 and 16,065,193 shares issued and outstanding, respectively		1,732
	1,594	
Additional paid in capital		4,813,867
	4,320,286	
(Deficit) accumulated during the development stage	(4,372,380)	(5,032,704)
Total stockholders' (deficit)	(50,500)	(217,105)
	\$	\$
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	803,468	706,243

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

Three Months Ended April 30, 2006 and 2005, Six Months Ended April 30, 2006 and 2005.

Period from Inception to April 30, 2006

(Unaudited)

Inception to

Three Months Ended April 30,

Six Months Ended April 30,

April 30,

2006

2005

2006

2005

2006

REVENUE

\$

7,138

\$

16,512

\$

19,379

\$

32,265

\$

459,280

OPERATING EXPENSES:

Cost of sales

2,998

4,414

8,139

13,551

163,345

Non-cash stock

compensation

-

(26,750)

168,000

80,150

3,825,380

Selling, general and

administrative

expenses

82,606

52,702

142,128

116,154

1,258,940

85,604

30,366

318,267

209,855

5,247,665

(Loss) from operations

(78,466)

(13,854)

(298,888)

(177,590)

(4,788,385)

OTHER INCOME AND (EXPENSE):

Grant revenue

-

-

-

-

11,138

Interest expense

395,006

(2,000)

390,868

(4,000)

(41,329)

Other expense

-

-

-

-

(5,000)

Extinguishment of

related party debt

568,144

-

568,144

-

568,144

963,150

(2,000)

959,012

(4,000)

532,953

Profit (loss) before

extraordinary items

884,684

(15,854)

660,124

(181,590)

(4,255,432)

Extraordinary item - casualty

loss from flooding, net

of insurance proceeds

-

-

-

-

116,948

NET (LOSS)

\$

884,684

\$

(15,854)

\$

660,124

\$

(181,590)

\$

(4,372,380)

Per share information -

basic and fully diluted

Weighted Average

Shares Outstanding

18,470,740

17,093,353

19,032,617

17,037,563

16,093,033

Net income/(loss) per share

\$

0.048

\$

(0.001)

\$

0.035

\$

(0.011)

\$

(.272)

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS (DEFICIT)

For the Three Months Ended April 30, 2006, and

Period from Inception to April 30, 2006

(Unaudited)

	Common Stock		Additional	(Deficit) Accumulated During the	
	<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Development Stage</u>	<u>Total</u>
Shares issued to founders in June 2002 at par \$.0001	12,800,000	\$ 1,205	\$ -	\$ -	\$ 1,205
Shares issued for cash during June 2002 at \$.75 per share	20,500	2	15,373	-	15,375
Shares issued for cash during July 2002 through August 2002 at \$1.00 per share	57,000	6	56,994	-	57,000
Shares issued for cash during August 2002 through October 2002 at \$2.00 per share	122,750	12	245,488	-	245,500
Shares issued for services during June 2002 at \$.75 per share	623,500	62	467,563	-	467,625
Shares issued for services during August 2002 at \$2.00 per share	5,000	1	9,999	-	10,000
Net (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(577,861)</u>	<u>(577,861)</u>
Balance at October 31, 2002	<u>13,628,750</u>	<u>1,288</u>	<u>795,417</u>	<u>(578,061)</u>	<u>218,844</u>
Shares issued for services during January 2003 at \$2.00 per share	525,000	52	1,049,948	-	1,050,000
September 2003 at \$2.00 per share	450,000	45	899,955	-	900,000
Shares issued for cash					

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during January 2003 at					
\$2.00 per share	175,125	18	350,232	-	350,250
October 2003 at					
\$2.00 per share	63,300	6	126,594	-	126,600
Cancellation of shares	(25,000)	(2)	2	-	-
License agreement	-	-	(618,145)	-	(618,145)
Net (loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,398,169)</u>	<u>(2,398,169)</u>
Balance at October 31, 2003	<u>14,817,175</u>	\$	\$	\$	\$
		<u>1,407</u>	<u>2,604,003</u>	<u>(2,976,030)</u>	<u>(370,620)</u>

		Common Stock		Additional	(Deficit) Accumulated During the	
		<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Development</u>	<u>Total</u>
					<u>Stage</u>	
Balance at October 31, 2003		<u>14,817,175</u>	\$	<u>\$ 2,604,003</u>	\$	\$
					<u>(2,976,030)</u>	
			<u>1,407</u>			<u>(370,620)</u>
Shares issued for cash						
during October						
2003						
at \$2.00 per	10,000	1	19,999	-		20,000
share						
Shares issued for cash						
during November						
2003						
at \$2.00 per	12,950	1	25,899	-		25,900
share						
Shares issued for						
services						
during November						
2003						
at \$2.00 per	140,000	14	279,986	-		280,000
share						
Shares issued for						
services						
during November						
2003						
at \$2.00 per	380,000	38	759,962	-		760,000
share						
Shares issued for cash						
during December						
2003						
at \$2.00 per	5,500	1	10,999	-		11,000
share						
Shares issued for						
services						
during December						
2003						
at \$2.00 per	805,000	81	1,609,919	-		1,610,000
share						
Shares issued for cash						

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during April 2004					
at \$1.00 per share	50,000	5	49,995	-	50,000
Shares issued for services during April 2004					
at \$1.20 per share	80,000	8	95,992	-	96,000
Shares issued for cash during May 2004					
at .61 per share	132,000	13	80,507	-	80,520
Shares issued for services during July 2004					
at \$2.00 per share	100,000	10	199,990	-	200,000
Shares returned for nonperformance of services during July 2004					
at \$2.00 per share	(1,050,000)	(105)	(2,099,895)	-	(2,100,000)
Shares issued for services during July 2004					
at \$2.00 per share	150,000	15	299,985	-	300,000
Shares issued for services during October 2004					
at \$.52 per share	21,000	2	10,918	-	10,920
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,933,630)</u>	<u>(1,933,630)</u>

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	Common Stock		Additional	(Deficit) Accumulated During the	
	<u>Shares</u>	<u>Amount</u>	<u>Paid in Capital</u>	<u>Development Stage</u>	<u>Total</u>
Balance at October 31, 2004		\$	\$	\$	\$
	<u>15,653,625</u>	<u>1,491</u>	<u>3,948,259</u>	<u>(4,909,660)</u>	<u>(959,910)</u>
Shares issued for services during December 2004 at \$.52 per share	116,000	12	82,988	-	83,000
Shares returned for nonperformance of services during December 2004 at \$1.20 per share	(3,000)	-	(3,600)	-	(3,600)
Shares issued for services during January 2005 at \$.30 per share	50,000	5	14,995	-	15,000
Shares issued for settlement of portion of note payable- related party	-	-	763,639	-	763,639
Shares issued for services during April 2005 at .15 per share	145,000	15	21,736	-	21,750
Shares issued for loan fee during April 2005 at .15 per share	50,000	5	7,495	-	7,500
Shares returned for Nonperformance of services during April 2005 at .1.20 per share	(30,000)	(3)	(35,997)	-	(36,000)
Shares issued for cash during April 2005 at .15 per share	73,068	7	10,953	-	10,960
Shares issued for services					

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during June 2005					
at \$.40 per share	6,000	-	2,399	-	2,400
Shares issued for cash					
during July 2005 at					
\$.25 per share	2,000	-	500	-	500
Shares issued for cash					
during July 2005 at					
\$.20 per share	2,500	-	500	-	500
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,844)</u>	<u>(122,844)</u>
Balance at October 31,	<u>16,065,193</u>	\$	\$	\$	\$
2005		<u>1,532</u>	<u>4,813,867</u>	<u>(5,032,504)</u>	<u>(217,105)</u>

INNOVATIVE DESIGNS, INC.
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS (DEFICIT)

For the Three Months Ended April 30, 2006, and

Period from Inception to April 30, 2006

(Unaudited)

(Deficit)

Accumulated

Common Stock

Additional

During the

Shares

Amount

Paid in Capital

Development Stage

Total

Shares issued for services

during January 2006 at

400,000

\$

40

\$

167,960

\$

-

\$

168,000

\$.42 per share

Shares issued for cash

during January 2006 at

\$.42 per share

61,000

6

25,614

-

25,620

Shares issued for

cash in March 2006

at \$.75 per share

30,000

3

22,497

-

22,500

Shares issued for

cash in March 2006

at \$.40 per share

80,000

8

31,992

-

32,000

Shares issued for services

during April 2006 for

services at \$.60 per share

10,000

1

5,999

-

6,000

Shares issued for cash

during April 2006

at \$.40 per share

40,000

4

15,996

-

16,000

Reverse shares issued for

extinguishment of note

payable - related party

-

-

(763,639)

-

(763,639)

Net profit during the year

_____ -

_____ -

_____ -

660,124

660,124

Balance at April 30, 2006

\$

16,686,193

\$

1,594

\$

4,320,286

\$

(4,372,380)

\$

(50,500)

INNOVATIVE DESIGNS, INC.
(A Development Stage Company)

STATEMENTS OF CASHFLOW

Six Months Ended April 30, 2006 and 2005, Period from Inception to April 30, 2006

(Unaudited)

Inception to

Six Months Ended April 30,

April 30,

2006

2005

2006

CASH FLOWS FROM OPERATING ACTIVITIES

Net gain (loss)

\$

660,124

\$

(181,590)

\$

(4,372,380)

Adjustments to reconcile net (loss) to cash

provided by operating activities:

Common stock issued to founders

-

-

1,205

Common stock returned for

noncompliance services

-

(39,600)

(1,639,600)

Common stock issued for services

174,000

119,750

5,480,695

Depreciation and amortization

6,926

4,163

38,888

Extinguishment of related party debt

(568,144)

-

(568,144)

Interest (reversal) added to related party note

(395,495)

-

-

Interest added to note payable

-

4,000

22,000

Loss from extraordinary item

-

-

173,830

Changes in operating assets and liabilities:

Accounts receivable

50,263

10,405

(220,475)

Inventory

(126,977)

8,033

(566,755)

Due to related party

-

-

-

Prepaid commission

(8,500)

-

(8,500)

Accounts payable

(6,627)

4,000

49,085

Accounts payable - related party

-

-

28,219

Deposits

-

-

(47,000)

Accrued expenses

7,120

(6,708)

11,036

Accrued interest on notes payable

(8,321)

-

-

Net cash (used in) operating activities

(215,631)

(77,547)

(1,617,896)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment

-

-

(59,584)

Insurance proceeds from casualty loss

-

-

38,202

Insurance proceeds used to pay off vehicle loans

-

-

(38,202)

Net cash (used in) investing activities

-

-

(59,584)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on note payable

(38,952)

-

(53,181)

Payment on related party note

-

-

(65,000)

Shareholder advances

27,000

-

385,375

Proceeds from note payable

150,400

-

511,423

Proceeds from note payable from related party

-

50,000

772,350

Proceeds from loan payable from related party

-

38,000

129,000

Common stock shares issued for cash

96,120

10,960

-

Proceeds from short term debt

-

-

58,884

Net cash provided by financing activities

\$

234,568

\$

98,960

\$

1,738,851

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

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

STATEMENTS OF CASHFLOW

Six Months Ended April 30, 2006 and 2005, Period from Inception to April 30, 2006

(Unaudited)

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

STATEMENTS OF CASHFLOW

Six Months Ended April 30, 2006 and 2005, Period from Inception to April 30, 2006

(Unaudited)

Inception to

Six Months Ended April 30,

April 30,

2006

2005

2006

Net increase (decrease) in cash

\$

18,937

\$

21,413

\$

61,371

Cash - beginning

42,434

27,384

-

Cash - ending

\$

61,371

\$

48,797

\$

61,371

Supplemental cash flow information:

Cash paid for interest

\$

-

\$

4,000

\$

7,043

Non-cash investing and financing activities:

License agreement

\$

-

\$

-

\$

618,145

Property and equipment acquired

with note payable

\$

-

\$

-

\$

45,000

Conversion of notes payable -

related party to equity

\$

-

\$

763,639

\$

763,639

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

1.

BASIS OF PRESENTATION

The accompanying unaudited financial statements in the Form 10QSB/A are presented in accordance with the requirement of the form and do not include all of the disclosures required by accounting principles generally accepted in the United States of America. For additional information, reference is made to the Innovative Designs, Inc. s annual report on Form 10KSB/A for the year ended October 31, 2005. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included.

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

2.

EARNINGS PER SHARE

Innovative Designs, Inc. (the Company) calculates net income (loss) per share as required by Statement of Financial Accounting Standard No. 128, Earnings per Share. Basic earnings (loss) per share is calculated by dividing income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During the periods presented common stock equivalents were not considered as their effect would be anti-dilutive.

3.

COMMON STOCK

During the six month period ended April 30, 2006, the Company issued 410,000 shares of its common stock in exchange of services for an average price of approximately \$0.42 per share or \$174,000. The Company sold 211,000 shares of its common stock for an average price of approximately \$0.46 per share. The individual stock transactions are as follows:

On November 3, 2005, the Company issued 400,000 shares of our stock to Jose Wejebe for related future promotional services. The shares issued to Jose Wejebe were valued at a price of \$0.42 per share, or an aggregate price of \$168,000. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On November 9, 2005, the Company sold 61,000 shares of stock to Alfred Czeriewski for a price of \$0.42 per share or \$25,620. We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale.

We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On March 28, 2006 we sold 15,000 shares of our stock to Soto Kolocouris, for a price of \$0.75 per share or \$11,250.

We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale. We

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On March 28, 2006 we sold 15,000 shares of our stock to Dominic Kolocouris, for a price of \$0.75 per share or \$11,250. We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale.

We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On March 30, 2006 we sold 40,000 shares of our stock to Gary Nolt, for a price of \$0.40 per share or \$16,000. We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On March 30, 2006 we sold 40,000 shares of our stock to Cassel Dale, for a price of \$0.40 per share or \$16,000. We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On April 7, 2006, the Company issued 10,000 shares of our stock to Tom Nelson for related future promotional services. The shares issued to Tom Nelson were valued at a price of \$0.60 per share, or an aggregate price of \$6,000.

We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

On April 7, 2006 we sold 40,000 shares of our stock to K. E. Weaver Petroleum, for a price of \$0.40 per share or \$16,000. We relied upon Section 4(2) of the Act for the sale. We believed that Section 4(2) was available because the sale did not involve a public offering and there was no general solicitation or general advertising involved in the sale.

We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

4.

GOING CONCERN

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has experienced a significant loss from operations as a result of its investment necessary to achieve its operating plan, which is long-range in nature. For the six month period ended April 30, 2006 and 2005, the Company incurred a net profit (loss) of \$660,124 and (\$181,590), respectively. Since the Company's inception, they have

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

incurred a net loss from operations of (\$4,372,380). The Company has working capital of \$363,445 and \$7,794 and a stockholders' deficit of (\$50,500) and (\$279,250) at April 30, 2006 and 2005, respectively. During 2005, the Company was successful in obtaining a purchase order from a major retail sporting good chain in the amount of approximately \$226,030. On April 28, 2006, the Company was successful in obtaining a \$170,000 purchase order from a major retail sporting goods chain. The Company continues its marketing efforts with its existing product lines as well as new product lines.

The Company's ability to continue as a going concern is contingent upon its ability to attain profitable operations and secure financing. Further, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which the Company operates.

The Company is pursuing equity financing for its operations. Failure to secure such financing or to raise additional capital or borrow additional funds may result in the Company depleting its available funds and not being able to pay its obligations.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

5.

BORROWINGS

On January 23, 2006, the U.S. Small Business Administration modified its Note Payable with the Company changing certain terms and conditions. The loan modification increased the note amount from \$280,100 to \$430,500 and increased the monthly payment from \$1,186 to \$1,820. All other terms and conditions remained the same.

INNOVATIVE DESIGNS, INC.

(A Development Stage Company)

ADDITIONAL DISCLOSURES

ITEM 2. ADDITIONAL DISCLOSURES.

1.

EXCLUSIVE LICENSING AND MANUFACTURING AGREEMENT

On November 25, 2002, Innovative purchased a product license for \$1,250,000 from RMF Global, a company solely owned by the Chief Executive Officer of the Company, Joseph Riccelli. The license was for 10 years and gave the Company the exclusive right to manufacture and market products using Eliotex, a trademark registered and utilized by RMF Global, and used to describe a fabric used in recreational products. The Company paid \$50,000 upon signing in November 2002, with the remaining amount payable at \$400,000 per year for the next three years. The license was originally recorded as an asset and was to be amortized. Subsequently, because the license was purchased from RMF Global, which is owned by Joseph Riccelli, it was recorded at Joseph Riccelli's cost, which was \$0. The \$618,744 the Company paid in excess of Joseph Riccelli's cost was recorded as a reduction of paid in capital.

Due to cash flow problems experienced by the Company, on January 31, 2005, RMF Global agreed to accept 1,909,098 shares of the Company's \$.0001 par value common stock in settlement of \$763,639 of the Company's obligation. As of October 31, 2005, the Company owed RMF Global \$200,000 for the product license described above. In light of the litigation regarding the License Agreement of RMF Global, Inc. with Eliotex SRL, the board of directors determined it appropriate to hold the issuance of said shares in abeyance pending the outcome of the litigation.

On or about April 1, 2006, Innovative was informed by RMF Global that RMF's Exclusive License and Manufacturing Agreement with Ko-Myung Kim was terminated by Mr. Kim, effective April 1, 2006, for the following reasons cited by Mr. Kim:

1.

Article 2.01 of the Grant of License, Exclusive Right to Purchase and Exclusive Right to Manufacture incorrectly references a prior product produced under prior patents, Republic of Korea Patent 35969-97 and U.S. patent 6,083,999. That product has not been manufactured since 2001 and has never been provided to RMF Global, Inc. by or through me.

2.

Given the current difficulties surrounding that patent, and my obligation to indemnify RMF for litigation costs arising from the patent infringement claims, I cannot permit the Agreement to remain in force where claims may be directed against, or litigation arise pursuant to, the patent referenced incorrectly in the Agreement. The fact that the Agreement references the incorrect patent mandates its termination.

On April 26, 2006, the Company entered into an Exclusive License and Manufacturing Agreement (the Agreement) with the Ketut Group, with an effective date of April 1, 2006, whereby the Company acquired an exclusive license to develop, use, sell, manufacture and market products related to or utilizing INSULTEX™, Korean Patent Number, (0426429) or any Insultex Technology. At the behest of the Board of Directors, the Insultex trademark was chosen as the mark to identify the product utilized by Innovative since its inception, and was originally registered by Joseph Riccelli on February 17, 2005. The new trademark, intended to avoid confusion arising from the use of the old Eliotex trademark in association with a new, subsequent, different and separately-patented product, was assigned by Mr. Riccelli to Innovative on April 25, 2006, with that assignment to become effective upon final approval of the Statement of Use by the United States Patent and Trademark Office. The License was awarded by the Korean inventor, an individual who is part of the Ketut Group, and the manufacturer of INSULTEX™. The Company received an exclusive forty (40) year worldwide license with an initial term of ten (10) years and an option to renew the License for up to three (3) successive ten (10) year terms. Additionally, the Company was granted the exclusive rights to any current or future inventions, improvements, discoveries, patent applications and letters of patent which the Ketut Group controls or may control related to INSULTEX™. Furthermore, the Company has the right to grant sub-licenses to other manufacturers for the use of INSULTEX™ or any Insultex Technology. Simultaneously with the Company entering into this exclusive license and manufacturing agreement, effective April 1, 2006, the licensing agreement with RMF Global was deemed null and void and the aforementioned issuance of shares of stock as consideration for said licensing agreement, previously held in abeyance, was cancelled. Consequently, the note payable and related licensing agreement asset were removed from the books and records of the Company resulting in the Company recognizing a gain from the extinguishment of debt in the amount of \$568,144 and the reversal of interest expense in the amount of \$395,495. Effective April 1, 2006, the Company has no outstanding obligations owed to RMF Global.

2.

SUBSEQUENT EVENTS

On June 2, 2006, Innovative Designs, Inc.'s litigation counsel filed an Emergency Motion for Stay of Money Judgment Pending Appeal and for Waiver of Supersedeas Bond, along with a brief in support of its Motion before the United States District Court for the Western District of Pennsylvania. The Motion was filed for the purpose of protecting the company's operations, customer base, lenders, creditors, suppliers and investors from any potential damage caused by execution procedures during the pendency of the company's appeal before the United States Court of Appeals for the Third Circuit. On June 7, 2006, pursuant to an Order of Court, the adverse parties filed their Response to the Motion. The company is awaiting notification from the Court as to the disposition or further proceedings with respect to the Motion.

ITEM 3. CONTROLS AND PROCEDURES.

As of April 30, 2006, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including our Chief Executive Officer and Principal Financial Officer, concluded that our disclosure controls and procedures were effective as of April 30, 2006.

There have been no significant changes in our internal control over financial reporting during the quarter ended April 30, 2006, or subsequent to January 31, 2006, that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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.

INNOVATIVE DESIGNS, INC.

/s/

Joseph Riccelli

By:

Joseph Riccelli

Chief Executive Officer

/s/ Anthony Fonzi

By:

Anthony Fonzi

Chief Financial Officer, Principal

Accounting Officer, and Director

Date:

06/27/06

Exhibit 32.1

CERTIFICATIONS

I, Joseph Riccelli, certify that:

1.

I have reviewed this quarterly report on Form 10-QSB/A of Innovative Designs, Inc.;

2.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Innovative Designs, Inc. as of, and for, the periods presented in this report;

4.

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Innovative Designs, Inc. and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Innovative Designs, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)

Evaluated the effectiveness of Innovative Designs, Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)

Disclosed in this report any change in Innovative Designs, Inc. s internal control over financial reporting that occurred during the small business issuer s most recent fiscal quarter (the small business issuer s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer s internal control over financial reporting; and

5.

The registrant s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Innovative Designs, Inc. s board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Innovative Designs, Inc. s ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in Innovative Designs, Inc. s internal control over financial reporting.

/s/ Joseph Riccelli

Date:

06/27/06

By:

Joseph Riccelli, Chief Executive Officer

Exhibit 32.1

CERTIFICATIONS

I, Anthony Fonzi, certify that:

1.

I have reviewed this report on Form 10-QSB/A of Innovative Designs, Inc.;

2.

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Innovative Designs, Inc. as of, and for, the periods presented in this report;

4.

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Innovative Designs, Inc. and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Innovative Designs, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)

Evaluated the effectiveness of Innovative Designs, Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)

Disclosed in this report any change in Innovative Designs, Inc. s internal control over financial reporting that occurred during the small business issuer s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer s internal control over financial reporting; and

5.

The registrant s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Innovative Designs, Inc. s board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Innovative Designs, Inc. s ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in Innovative Designs, Inc. s internal control over financial reporting.

/s/ Anthony Fonzi

Date:

06/27/06

By:

Anthony Fonzi, Chief Financial Officer,

Principal Accounting Officer, and Director

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-QSB/A Quarterly Report of Innovative Designs, Inc. (the Company) for the period ended April 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

o

the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

o

the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph Riccelli

Date:

06/27/06

By:

Joseph Riccelli

Chief Executive Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-QSB/A Quarterly Report of Innovative Designs, Inc. (the Company) for the period ended April 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

o

the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

o

the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anthony Fonzi

Date:

06/27/06

By:

Anthony Fonzi

Chief Financial Officer, Principal

Accounting Officer, and Director