INTERNATIONAL WIRELESS INC
Form 10QSB
January 05, 2004

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

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2003

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 000-27045

INTERNATIONAL WIRELESS, INC.
(Exact name of small business issuer as specified in its charter)

Maryland	36-4286069
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

110 Washington Avenue, 4th Floor, North Haven, Connecticut 06473
(Address of principal executive offices)

203-234-6350
(Issuer's telephone number)

Not applicable
(Former name, former address and former fiscal year, if changed since last report.)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [ ]

As of January 5, 2004, the Company had 13,094,593 issued, and outstanding shares of its $.009 par value common stock.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

Documents incorporated by reference: None.

INTERNATIONAL WIRELESS, INC.

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PART I. FINANCIAL INFORMATION

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ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL WIRELESS, INC. AND SUBSIDIARY
(A Development Stage Company)

CONDENSED BALANCE SHEETS

ASSETS

	June 30, 2003 (Unaudited)	December 31, 2002 (Audited)
CURRENT ASSETS		
Cash and cash Equivalents		$ 24,966
Prepaid expenses		88,610
Total Current Assets		113,576

SOFTWARE, net		715,898
PROPERTY AND EQUIPMENT, net		96,692
OTHER ASSETS		
Security deposits		24,428
TOTAL ASSETS		$ 950,594

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Bank overdraft	$ 4,579	
Accounts payable	460,736	$ 587,983
Notes payable, related parties	77,188	168,473
Accrued salaries	73,242	299,740
Loans payable	15,000	19,792
Accrued payroll taxes	121,103	121,103
Current portion of capital lease obligations	-	16,081
Total Current Liabilities	751,848	1,213,172
LONG-TERM LIABILITIES		
Capital lease obligations, less current portion		14,018
STOCKHOLDERS EQUITY		
Preferred stock $.001 par value, 5,000,000 shares authorized, none issued and outstanding		
Common stock, $.009 par value, 50,000,000 shares authorized; 26,498,772 at June 30, 2003 and 23,249,442 at December 31, 2002 issued and outstanding	238,489	209,245
Paid-in-capital	9,279,489	8,612,489
Deficit accumulated during development stage	(10,269,826)	(9,098,330)
TOTAL STOCKHOLDERS' EQUITY DEFICIT	(751,848)	(276,596)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	-	$ 950,594

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

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INTERNATIONAL WIRELESS, INC. AND SUBSIDIARY
(A Development Stage Company)

STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Perio September 27, 2
Six Months Ended	(Inception)

	June 30 2003	June 30 2002	to June 30, 200
REVENUE			$ 31,093
OPERATING EXPENSES			
General and administrative expenses	$ 441,604	$2,427,514	6,135,674
Depreciation and amortization	729,892	450,181	947,478
Total Operating Expenses	1,171,496	2,877,695	7,083,152
OPERATING LOSS	1,171,496	2,877,695	7,052,059
OTHER EXPENSES			
Unrealized loss on sale of marketable securities		71,337	1,665,057
Loss on sale of marketable securities			1,535,360
Interest expense	-	6,424	17,350
Total Other Expenses	-	77,761	3,217,767
NET LOSS	$1,171,496	$2,955,456	$10,269,826
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	$ (0.05)	$ (0.20)	$ (1.11)
WEIGHTED AVERAGE SHARES OUTSTANDING	25,007,474	14,505,055	9,217,498

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

INTERNATIONAL WIRELESS, INC. AND SUBSIDIARY
(A Development Stage Company)

STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30, 2003	2002
OPERATING EXPENSES		
General and administrative expenses	$ (225,695)	$ 849,347
Depreciation and amortization	678,151	225,733
Total Operating Expenses	455,456	1,075,080
OTHER EXPENSES		

Unrealized loss on sale of marketable securities		
Loss on sale of marketable securities		
Interest expense	-	3,250
Total Other Expenses	-	3,250
NET LOSS	$ 455,456	$1,078,330
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	$ (0.02)	$ (0.06)

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

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INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30,		S
CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002	
Net Loss	$(1,171,496)	$(2,955,456)	
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	13,994	6,997	
Amortization of intangible asset	715,898	443,184	
Prepaid consulting amortization			
Conversion of loan receivable to consulting expenses		3,075	
Loan receivable write off			
Unrealized loss on marketable securities		71,337	
Loss on sale of marketable securities			
Stock based compensation	385,576	1,184,676	
Loan forgiveness	59,829		
Changes in operating assets and liabilities:			
Decrease (increase) in prepaid expenses	88,610	32,928	
Decrease (increase) in security deposits	24,424	2,402	
Decrease (Increase) in accounts payable	(127,427)	337,741	
(Decrease) increase in accrued salaries	(226,498)		
Increase in accrued payroll taxes	-	-	
Total adjustments	934,406	2,082,340	
NET CASH USED IN OPERATING ACTIVITIES	(237,090)	(873,116)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment		(32,060)	
Repayment of loans receivable, related parties		39,699	
Proceeds from sale of marketable securities			

Advances under loans receivable to related parties	-	-
NET CASH PROVIDED (USED IN) INVESTING ACTIVITIES	-	7,639
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from notes payable, related parties	(16,667)	(24,445)
Payments, increased obligations on capital lease obligations	(1,913)	(3,412)
Net proceeds from issuance of common stock	226,125	871,467
NET CASH PROVIDED BY FINANCING ACTIVITIES	207,545	843,610
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(29,545)	(21,867)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	24,966	54,310
CASH AND CASH EQUIVALENTS-END OF YEAR	$ (4,579)	$ 32,443

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

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INTERNATIONAL WIRELESS, INC. AND SUBSIDIARY
(A Development Stage Company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. Results for the six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the financial statements and footnotes thereto included in the International Wireless, Inc. ("the Company") annual report on Form 10-KSB for the year ended December 31, 2002.

NOTE 2 GOING CONCERN UNCERTAINTY AND MANAGEMENT'S PLANS

COMPANY

The Company, in April 2003, ceased its operations because of its inability to raise cash to support its operations in the capital markets. It became the intention of the Board of Directors to seek a merger partner. The Company, in December 2003, entered into a reverse merger agreement with PMI Wireless, Inc., a Delaware corporation located on Cordova, Tennessee. The merger became final in December 2003. See Note 5 Subsequent Events.

GOING CONCERN AND MANAGEMENT'S PLAN

As shown in the accompanying financial statements, the Company incurred a net loss of $1,171,496 for the six months ended June 30, 2003 and a cumulative loss from inception to June 30, 2003 of $10,269,826. Additionally as noted above, the Company has ceased its operations and is looking for a merger partner. See Note 5 Subsequent Events.

STATEMENT OF OPERATIONS

During the three month period ending June 30, 2003, the Company ceased its operations and as a result, final obligations were recorded and adjusted, the license agreement was considered to have no value and was written off and the principal officers agreed to waive their salary accruals. The effect of these adjustments caused the general and administrative expenses to be negative $222,695 and the depreciation and amortization to be $678,151.

NOTE 3 STOCKHOLDERS' EQUITY

During the six months ended June 30, 2003 the Company issued 220,000 shares of the Company's common stock to a consultant for services provided. Stock based compensation expense of $32,575 was recorded during the six months ended June 30, 2003 in connection with this issuance.

During the six months ended June 30, 2003 the Company issued 500,000 shares of common stock as payment of a loan payable. The shares were valued at $0.01 per share and the loan was reduced by $50,000.

During the six months ended June 30, 2003, 70,000 shares were issued for the exercise of 70,000 non-qualified stock options having an exercise price of $0.01 per share. Total proceeds aggregated $7,000.

During the six months ended June 30, 2003, the company received proceeds of $208,629 from the sale of 2,166,250 shares of its common stock under a private placement.

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INTERNATIONAL WIRELESS, INC. AND SUBSIDIARY
(A Development Stage Company)

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 LITIGATION

On November 20, 2001, a judgment in the amount of $10,497 was entered against the Company and Omar A. Rizvi, the former Chairman of the Board of Directors of Origin, by the Labor Commissioner in the State of California for past wages, interest and penalties owed to a former employee of the Company who alleged to have performed paralegal and bookkeeping services in California for Origin. To date the judgment has not been paid.

In December 2002, the Company was sued by Greg Laborde in U.S. District Court for the District of New Jersey for Breach of Employment Contract and Defamation seeking monetary damages including additional stocks and warrants. The Company in response has filed a counter-claim against Mr. Laborde seeking damages in his transaction in selling Origin Investment Group, Inc., to International Wireless in its reverse merger in January 2002. The company believes the claim is without merit and has adequate defenses.

On February 20, 2003, a judgment in the amount of $28,750 was entered against the Company for unpaid rent on behalf of Graham Paxton, the former President and CEO of the Company as part of his employee benefit plan.

On March 11, 2003, the Company received notice from Attorney Omar A. Rizvi of his claim for breach of contract for failure to deliver to him 100,000 shares for professional services allegedly performed on behalf of the Company, and wrongful cancellation of additional warrants to purchase 200,000 shares of International Wireless for which he claimed damages. No suit has been filed to date and the Company believes that if such a suit is ever filed against the Company, the company has a good defense and proper grounds for a counter-suit.

On March 20, 2003, a judgment in the amount of $2,000 was entered against the Company By Beyond Words Communication, Inc. for prior unpaid marketing services rendered to the company.

On June 30, 2003, a judgment in the amount of 99,089, which included $50,000 security deposit replenishment, was entered against the company for breach of contract for non-payment of rent on the company's office facility in Woburn, Massachusetts. Additionally, the company is contingently liable for the balance of the lease which expires July 31, 2005. The total lease payments to July 31, 2005 approximate $428,000.

In May 2003, certain former employees filed complaints with the Commonwealth of Massachusetts Attorney General's office for unpaid salaries and accrued vacation pay. In accordance with the Company's records the Company owes approximately $50,000 for back fees, gross salaries and accrued vacation. In addition, there is a potential severance pay due to these employees in accordance with their employment agreement totaling an additional $186,350 for which the Company totally disputes.

NOTE 5 SUBSEQUENT EVENTS

On August 29, 2003, a change in control of the Company occurred in conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities by any means appropriate including settling any and all liabilities to the U.S. Internal Revenue Service and the Commonwealth of Massachusetts' Attorney General's Office for unpaid wages.

In conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities, the Company issued First Union Venture Group, LLC, a Nevada Limited Liability Company, Thirty Million (30,000,000) common shares as consideration for their services. In addition the Company canceled any and all outstanding options, warrants, and/or debentures not exercised to date. The Company further nullified any and all salaries, bonuses, benefits including severance pay and accrued salaries of Stanley A. Young and Michael Dewar.

NOTE 5 SUBSEQUENT EVENTS(CONTINUED)

On October 1, 2003, the Company entered into an agreement with Scanbuy Inc., to sell its intellectual property related to the identification, capture and decoding of 1D barcode by mobile devices equipped with digital cameras for $150,000. Under the terms of agreement, Scanbuy, Inc. will pay $50,000 at closing and the balance over 10 equal installments.

On November 12, 2003, at a Special meeting of the Shareholders, a majority of the Shareholders of the Company being present, approved the spin-off of the two subsidiaries of the registrant and any and all remaining assets of the registrant including any intellectual property to enable the registrant to pursue a suitable merger candidate.

On November 12, 2003, at a Special meeting of the Shareholders, a majority of the Shareholders of the Company being present approved a 30 to 1 reverse split of all existing outstanding common shares of the corporation.

In addition, the shareholders approved the spin-off of the two subsidiaries of the Company and any and all remaining assets of the Company including any intellectual property to enable the Company to pursue a suitable merger candidate.

On November 12, 2003, the Company entered into a reverse merger Letter of Intent to Purchase PMI Wireless, Inc. a Delaware corporation with its corporate headquarters located in Cordova, Tennessee (hereinafter "PMI"). The reverse merger took place on December 1, 2003 for the aggregate consideration of $50,000 in cash, all of which was paid to the U.S. Internal Revenue Service for the Company's prior obligations plus assumption of the Company existing debts, for 9,014,800 newly issued common shares of the Company, issued to over one hundred new shareholders. The consideration for the Reverse Merger was paid at closing.

PMI Wireless, Inc. is an emerging technology leader delivering Customer Premise Equipment (CPE) for Broadband Wireless Access Systems in the ISM, WLL, MMDS and UNII frequency bands. PMI Wireless provides a reduction of build-out costs for Broadband Wireless Access Systems while accelerating the speed of deployment. PMI Wireless is delivering next-generation wireless services that support expanded coverage, seamless global roaming, higher voice quality, high-speed data and a full range of broadband multimedia services, including full motion video, video conferencing, and high-speed Internet access. Additional services will include on-demand medical imaging, real-time road maps, and anytime, anywhere video conferencing.

On December 10, 2003, the Company entered into an Acquisition Agreement to acquire one hundred percent of Mound Technologies, Inc. a Nevada corporation with its corporate headquarters located in Springboro, Ohio (hereinafter "Mound").

The closing under the Acquisition Agreement consisted of a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mound in exchange for the issuance of 1,256,000 shares of its common stock. As a result of this transaction, Mound became a wholly-owned subsidiary of the Company. The 1,256,000 shares of common stock were issued to five different shareholders. Thomas C. Miller the new President and Chief Executive Officer owns 800,000 shares directly and is attributable to owning a total of 1,200,000 through relations and shares under his control. Thomas C. Miller, the current President and Chief Executive Officer of Mound took over that position for the Company. Jerry Gruenbaum, the General Counsel and Corporate Secretary remained at that position and took over the position of Chief Financial Officer.

Mound was incorporated in the state of Nevada in November of 2002. Its corporate offices are located in Springboro, Ohio. Mound is actively involved in the fabricated metals industry as well as property management. This business includes two divisions and one wholly owned subsidiary.

NOTE 5 SUBSEQUENT EVENTS(CONTINUED)

The Steel Fabrication Division is located in Springboro, Ohio. This division is a full service structural and miscellaneous steel fabricator. It also manufactures steel stairs and railings, both industrial and architectural quality. The present capacity of the facility is 6000 tons per year of structural and miscellaneous steel. This division had been previously known as Mound Steel Corporation which was started at the same location in 1964.

The Property Management Division is also located in Springboro, Ohio. Presently five properties are owned and managed. This includes 145,000 square feet of light and heavy manufacturing buildings on approximately 22 acres. An additional 33 acres of industrial property is managed but not owned.

Freedom Products of Ohio is a wholly owned subsidiary of Mound. Freedom manufactures products for the heavy machinery industry and has the ability to do complete assembly and testing if required. This includes machine bases, breeching, pollution control abatement fabrications and material handling fabrications. Freedom has the capacity to fabricate weldments and assemblies up to 50 tons total weight. Freedom Products of Ohio is located in Middletown, Ohio.

On December 11, 2003, the Company entered into an Acquisition Agreement to acquire one hundred percent of Precision Metal Industries, Inc. a Florida corporation with its principal place of business located in Pompano Beach, Florida.

The closing under the Acquisition Agreement will consist of $4,500,000 in cash and a stock for stock exchange in which the Company will acquire all of the issued and outstanding common stock of Precision in exchange for the issuance of 1,000,000 restricted shares of its common stock. The Agreement calls for all shares to be transferred to an escrow agent for up to six months until the $4,500,000 in cash is satisfied.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGSS

On February 20, 2003 a judgment in the amount of $28,750 was entered against the Company for unpaid rent on behalf of Graham Paxton, the former President and CEO of the Company as part of his employee benefit plan.

On March 11, 2003 the Company received notice from Attorney Omar A. Rizvi of his claim for breach of contract for failure to deliver to him 100,000 shares for professional services allegedly performed on behalf of the Company, and wrongful cancellation of additional warrants to purchase 200,000 shares of International Wireless for which he claimed damages. No suit has been filed to date and the Company believes that if such a suit is ever filed against the Company, the Company has a good defense and proper grounds for a counter-suit.

On March 20, 2003 a judgment in the amount of $2,000 was entered against the Company by Beyond Words Communication, Inc. for prior unpaid marketing services rendered to the Company.

On March 31, 2003 a judgment in the amount of $99,089.59 was entered against the Company for breach of contract for non payment of rent plus deposits on the Company's office facility in Woburn, Massachusetts.

In May, 2003 certain former employees filed complaints with the Commonwealth of Massachusetts Attorney General's office for unpaid salaries and accrued vacation pay. In accordance with the Attorney's General's Office, the Company owes a total around $88,540.29 for gross salaries and accrued vacation to the following individuals:

Thomas Gosselin	$5,966.59
Thomas Antognini	$11,165.55
John Puopolo	$17,010.14
James Levinger	$13,898.01
James Patrick Quinn	$40,500.00
Total	$88,540.29

The Company disputes the above amounts and in addition has proof that James Quinn was at all times consultant for the Company.

In addition there is a potential severance pay due to some individuals in accordance with their employment agreement for which the Company totally disputes.

Other than the matters above, there is no other past, pending or, to the Company's knowledge, threatened litigation or administrative action which has or is expected by the Company's management to have a material effect upon our Company's business, financial condition or operations, including any litigation or action involving our Company's officers, directors, or other key personnel.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Sales of Equity Securities

During the six months ended June 30, 2003 the Company issued 220,000 shares of the Company's common stock to a consultant for services provided. Stock based compensation expense of $32,575 was recorded during the six months ended June 30, 2003 in connection with this issuance.

During the six months ended June 30, 2003 the Company issued 500,000 shares of common stock as payment of a loan payable. The shares were valued at $0.01 per share and the loan was reduced by $50,000.

During the six months ended June 30, 2003, 70,000 shares were issued for the exercise of 70,000 non-qualified stock options having an exercise price of $0.01 per share. Total proceeds aggregated $7,000.

During the six months ended June 30, 2003, the company received proceeds of $208,629 from the sale of 2,166,250 shares of its common stock under a private placement.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

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In conjunction with naming Attorney Jerry Gruenbaum of First Union Venture Group, LLC as attorney of record for the purpose of overseeing the proper disposition of the Company and its remaining assets and liabilities, the Company issued First Union Venture Group, LLC, Thirty Million (30,000,000) common shares as consideration for their services. In addition the Company canceled any and all outstanding options, warrants, and/or debentures not exercised to date. The Company further nullified any and all debts, salaries, bonuses, benefits including severance pay and accrued salaries of Stanley A. Young and Michael Dewar.

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The closing under the Acquisition Agreement will consist of $4,500,000 in cash and a stock for stock exchange in which the Company will acquire all of the issued and outstanding common stock of Precision in exchange for the issuance of 1,000,000 restricted shares of its common stock. The Agreement calls for all shares to be transferred to an escrow agent for up to six months until the $4,500,000 in cash is satisfied.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

(b) Reports on Form 8-K:

Three Months Ended June 30, 2003

The Company filed a Form 8-K on May 23, 2003 relating to events taken place on May 19, 2003 relating to the Letter of Intent to merge the Registrant with Scanbuy, Inc.

The Company filed a Form 8-K on June 2, 2003 relating to events taken place on May 30, 2003 relating to the Merger Agreement with Scanbuy, Inc. subject to certain conditions.

The Company filed a Form 8-K on June 2, 2003 relating to events taken place on June 2, 2003 relating to the Registrant's Board of Directors approving an increase in the authorized number of common shares of the Registrant to 100,000,000.

The Company filed a Form 8-K on June 12, 2003 relating to events taken place on June 12, 2003 relating to the Registrant's Shareholders approving an increase in the authorized number of common shares of the Registrant to 100,000,000.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL WIRELESS, INC.
(Registrant)

Date: January 5, 2004

By: /s/ THOMAS C. MILLER

Thomas C. Miller
President and Chief
Executive Officer
(Duly Authorized Officer)

Date: January 5, 2004

By: /s/ JERRY GRUENBAUM

Jerry Gruenbaum
Secretary and Chief
Financial Officer
(Principal Financial
and Accounting Officer)