

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

INTERNATIONAL WIRELESS INC
Form 10KSB
June 09, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ending December 31, 2002

OR

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

Commission file number 000-27045

INTERNATIONAL WIRELESS, INC.

(Name of Small Business Issuer in Its Charter)

Maryland

36-4286069

(State or other jurisdiction
of Incorporation)

(IRS Employer
Identification No.)

55 Marble Ridge Road
North Andover, MA

01845

(Address of principal executive offices)

(Zip Code)

(339) 222-1130

(Issuer's telephone number,
including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, 0.009
par value.

Indicate by check mark whether the issuer (1) has filed all reports required to
be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934
during the preceding 12 months (or 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 No

1

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-B is not contained herein, and will not be contained, to the
best of issuer's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-KSB or any amendment to

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

this Form 10-KSB. [X]

Issuer's revenues for its most recent fiscal year were: \$31,093

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

Check whether the Issuer filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act after distribution of securities under a plan confirmed by a court.

Yes [] No []

APPLICABLE TO CORPORATE ISSUERS

On June 9, 2003, the Issuer had 26,994,959 issued, and 25,594,965 outstanding shares of its \$.009 par value common stock. The aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately \$1,267,014 at the closing quotation for the Registrant's common stock of \$0.07 as of June 9, 2003.

Transitional Small Business Disclosure Format Used (check one):

Yes [] No [X]

Documents incorporated by reference: None.

INTERNATIONAL WIRELESS, INC.

TABLE OF CONTENTS

	PAGE
PART I	
Item 1. Business of the Company	4
Item 2. Properties	11
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Securities Holders . .	12
PART II	
Item 5. Market for the Issuer's Common Equity and Related Shareholder Matters	13
Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 7. Financial Statements	22
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	23

PART III

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Item 9.	Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act	23
Item 10.	Executive Compensation	26
Item 11.	Security Ownership of Certain Beneficial Owners and Management	30
Item 12.	Certain Relationships and Related Transactions	33
Item 13.	Exhibits, and Reports on Form 8-K	34
	Signatures	36

PART I

ITEM 1. BUSINESS OF THE COMPANY

FORWARD-LOOKING STATEMENTS. This annual report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. In addition, the Company (International Wireless, Inc., a Maryland corporation, and its subsidiary, Mitigo, Inc. a Delaware corporation) may from time to time make oral forward-looking statements. Actual results are uncertain and may be impacted by many factors. In particular, certain risks and uncertainties that may impact the accuracy of the forward-looking statements with respect to revenues, expenses and operating results include without limitation; cycles of customer orders, general economic and competitive conditions and changing customer trends, technological advances and the number and timing of new product introductions, shipments of products and components from foreign suppliers, and changes in the mix of products ordered by customers. As a result, the actual results may differ materially from those projected in the forward-looking statements.

Because of these and other factors that may affect the Company's operating results, past financial performance should not be considered an indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

(A) THE COMPANY

The Company was incorporated in the State of Maryland on April 6, 1999 as Origin Investment Group, Inc. ("Origin"). On December 27, 2001, the Company went through a reverse merger with International Wireless, Inc. ("International Wireless"). Thereafter on January 2, 2002, the Company officially changed its name with the State of Marland from Origin to our current name, International Wireless, Inc.

The Company was originally formed as a non-diversified closed-end management investment company, as those terms are used in the Investment Company Act of 1940 ("1940 Act"). The Company at that time elected to be regulated as a business development company under the 1940 Act. The 1940 Act defines a business development company (a "BDC") as a closed-end management investment company that provides small businesses that qualify as an "eligible portfolio company" with investment capital and also significant managerial assistance. A BDC is required under the 1940 Act to invest at least 70% of its total assets in "qualifying assets" consisting of (a) "eligible portfolio companies" as defined in the 1940

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Act and (b) certain other assets including cash and cash equivalents.

4

The Company's original investment strategy had been, since inception, to invest in a diverse portfolio of private companies that in some way build the Internet infrastructure by offering hardware, software and/or services which enhance the use of the Internet. Prior to its reverse merger with International Wireless, the Company identified two eligible portfolio companies within which they entered into agreements to acquire interests within such companies and to further invest capital in these companies to further develop their business. However, on each occasion and prior to each closing, the Company was either unable to raise sufficient capital to consummate the transaction or discovered information which modified its understanding of the eligible portfolio company's financial status to such an extent where it was unadvisable for it to continue and consummate the transaction. During the last fiscal year, the Company entered into a definitive share exchange agreement and investment agreement with Vivocom, Inc., a San Jose, California based software company that had developed a proprietary all media switching system which enables all forms of data to be sent over a single IP channel. The Company intended on investing a minimum of three million two hundred and fifty thousand dollars (\$3,250,000) within Vivocom over several months. Due to the Company's inability to raise this money, the share exchange never took place and the agreement terminated.

On December 7, 2001, the Company held a special meeting of its shareholders in accordance with a filed Form DEF 14A with the Securities and Exchange Commission whereby the shareholders voted on withdrawing the Company from being regulated as a business development company and thereby no longer be subject to the Investment Company Act of 1940 and to effect a one-for-nine reverse split of its total issued and outstanding common stock. On December 14, 2001 the Company filed a Form N-54C with the Securities and Exchange Commission formerly notifying its withdrawal from being regulated as a business development company. The purpose of the withdrawal of the Company from being regulated as a business development company and the one-for-nine reverse split of its total issued and outstanding common stock was to allow the Company to merge with a potential business in the future. By withdrawing from its status as a business development company, the Company chose to be treated as a publicly traded "C" corporation.

On December 27, 2001, the Company went through a reverse merger whereby it acquired all the outstanding shares of International Wireless, Inc., a Delaware Corporation. Under the said reverse merger, the former Shareholders of International Wireless, Inc., the Delaware Corporation, ended up owning a 88.61% interest in the Company. Thereafter on January 2, 2002, the Company officially changed its name with the State of Maryland from Origin to our current name, International Wireless, Inc.

On January 15, 2002, the Company acquired Mitigo, Inc. a Delaware corporation with its corporate headquarters located in Woburn, Massachusetts. The acquisition consisted of a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mitigo in exchange for the issuance of a total of 4,398,000 shares of its common stock, 2,998,006 of which was delivered at closing, and the remaining 1,399,994 are being held in escrow for distribution subject to the achievement of certain net income performances for the years 2002 and 2003. As a result of this transaction, Mitigo became a wholly-owned subsidiary of the Company.

On May 30, 2003, the Company entered into a Merger Agreement to merge the Company with Scanbuy, Inc. a Delaware corporation with its corporate headquarters located in New York, New York (hereinafter "Scanbuy"). Under said Merger Agreement the Company is scheduled to issue to the shareholders of Scanbuy 25,594,965 newly issued unregistered Common Shares which equal to the

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

issued and outstanding shares of the Company as of May 19, 2003.

5

The above Merger Agreement is subject to approval of the transaction by the directors and shareholders of both the Company and Scanbuy including an increase in the authorized number of shares of the Company to enable it to do the merger, and execution of appropriate employment and non-compete agreements. The parties anticipate closing the transaction on or before June 16, 2003.

(B) BUSINESS OF THE ISSUER

(1) PRINCIPAL PRODUCTS AND SERVICES

On January 11, 2002, the Company acquired Mitigo, Inc. a Delaware corporation with its corporate headquarters located in Woburn, Massachusetts. as a result of the acquisition of Mitigo, the Company is in the business of developing visual intelligence software solutions for wireless and mobile devices. The Company's software decodes barcodes and other visual symbols in mobile handsets and Personal Data Assistants ("PDAs") that have integrated digital cameras. This capability enables mobile devices to conduct rapid mobile transactions and pinpoint navigation to multimedia content and information. Management believes that the Company's technology significantly improves the usability and functionality of mobile devices helping overcome user interface barriers to mobile transactions and commerce. The Company currently has no other products or services.

The Company has developed software to decode commercial 1D and 2D bar codes as well as other emerging symbologies. The Company bar code decoding technology is based on software that represents the culmination of 7 years of work by Dr. Tom Antognini, a PhD from MIT. The Company plans to support the mobile telephone/Internet convergence market by enabling mobile-commerce and e-commerce from print-based bar codes. Mitigo plans to license its client software to device manufacturers, including producers of mobile handsets, PDAs and other devices.

The Company's technology is protected by two patents granted to Mr. Antognini in August, 2000 and January 2001, and licensed to the Company, and has been specifically targeted to accommodate the constraints of decoding bar codes from any print media, including magazines, catalogs, posters, billboards, newspapers, promotional material, and direct mail, etc. The technology will also read a bar code from a screen, such as would be found on a mobile handset, a PDA, personal computers, or television.

Management believes that the Company's exclusive licensed software technology, which is currently in dispute with the licensor, helps solve a barrier to mobile commerce by enabling a mobile handset equipped with a simple digital camera to also function as a bar code reader, thus enabling potentially thousands of different mobile commerce applications. The technology does not require an advanced wireless network infrastructure such as 3G to operate, and is functional across any of the wireless formats currently supported by handset manufacturers and carriers. The Company believes that its technology can be of value to telecom companies in its potential to enhance revenue opportunities. By making it easier for consumers using mobile phones to perform more transactions with their devices, the Company believes that the mobile carriers will be able to earn additional revenues from the sale of goods and services through the devices.

The Company believes that mobile handsets, PDAs and other device equipped with the Company's technology will allow such devices to read and process bar codes for instant commerce or content retrieval. For example, in the future,

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

consumers may be able to download train schedules into their PDAs or mobile phone simply by scanning a bar code at the train station or purchase products by scanning a bar code on an advertisement.

6

The Company's technology decodes using a digital image of a bar code that can be captured by a digital camera. The Company does not employ laser scanning of any kind to decode bar codes, as laser technology is presently not suitable for consumer devices due to cost, energy consumption, physical size constraints, bar code format constraints, etc. The Company's solution is software only. The Company's software uses the digital camera, processor and storage capabilities of the handset that are already present. As such, the Company believes that its software solution is a cost effective way to add functionality into a mobile handset or PDA.

Management believes that its anticipated acquisition of Scanbuy will further its position in the bar code arena. Scanbuy, Inc. is a software company located in New York City, New York dedicated to developing ScanCommerce(R) solutions that link the physical world to the Internet using personal barcode scanners. Scanbuy's core expertise lies in Web-based application development allowing the user to upload barcode data from a scanner (handheld scanner, PDA or cell phones enabled devices) to dedicated applications for processing supplies orders, returning products, managing inventory, leads retrieval etc.

(2) BUSINESS STRATEGY

The Company acquired Mitigo to take advantage of wireless convergence. In the wireless arena, mobile handsets, PDAs and other devices are transforming the way people around the world access and use information. At present there is a reliance on the personal computer desktop only, for Internet access, to access entertainment, news, products, and services. The Company believes that in the future, consumers will demand access to this content on a device they carry everywhere with them, their mobile telephone and/or PDA.

The Company believes that its functionality eliminates fundamental barriers for users wishing to access the Internet from their mobile devices, barriers caused by user interface constraints, lack of a full keyboard, and mouse, which makes it cumbersome and difficult to navigate directly to a Web destination. The Company believes that its software with Scanbuy's application and marketing creates the ability for a mobile telephone or PDA to easily connect directly to a Web site or other destination via bar codes.

(a) ENABLING TECHNOLOGY

CMOS semiconductors have advanced with technology that now makes it possible to recognize and decode a bar code from an image using a digital camera, i.e., a CMOS image sensor. This advancement now makes it possible to put a consumer-grade digital camera in a mobile telephone for a fraction of the cost prior to these advances. Many mobile handset manufacturers have released models containing digital cameras, or announced the inclusion of this feature in upcoming models. The Company believes that there will be a significant integration of the mobile phone and digital camera over the next one to five years, with significant adoption in the Asian market over the next 6-18 months. This integration will enable mobile phones, equipped with its software, to read and process bar codes for instant commerce or content retrieval. The Company envisions that within 12 to 18 months, the decoding component of its client software will be directly integrated into a variety of CMOS digital camera chipsets, yielding a high quality digital camera and a bar code reading device for inclusion in mobile handsets.

The Company's core technology has been designed to perform with high reliability in difficult decoding situations. The decoding software is successful even when the bar code images may suffer from low lighting conditions, low contrast, low resolution, and high amounts of noise. Likewise, it is robust against significant damage or distortion in the printed code. These abilities make the technology suitable to a variety of "real world" conditions.

The Company's decoding algorithms have been largely driven by heavy experimental work on a large number of test images. Over 30,000 images were generated and tested against in the course of development or its decoding algorithms in order to test and tune the algorithms against a wide variety of conditions.

The information densities supported by the underlying technology of the Company's algorithms are unparalleled in the bar code industry. With a 300 dpi imager and a high quality laser printer, the algorithms can reliably decode information printed at a density of 3,400 bytes/sq. inch; with a 600 dpi imager and a thermal printer, it has achieved densities of over 12,000 bytes/sq. inch.

Many of the targeted imagers for the algorithm have employed CMOS imaging chips, from 8 megapixels in size down to QCIF images (180X148 or 28 kilopixels). At the lower end, these imagers represent the precisely the type of imagers that are found now in a variety of consumer devices, such as cell phones, PDAs, gaming devices, TV remotes, car dashboards, toys, etc.

The Company's algorithm employs a variety of techniques to retrieve information available only at a subpixel level. The algorithm can, with certain imagers, retrieve information from a matrix code where the imager captures an individual bit in an area less than 1.5X1.5 pixels. In contrast, most competitive solutions in the industry expect areas of minimum 3.5X3.5 pixels for their algorithms to work.

(b) PRODUCTS

CodePoint - Version 1.0

The Company's bar code processing software, version 1.0, is designed to decode 1D and 2D bar codes and support a variety of handheld devices, including mobile phones, bar code readers, and PDAs. The software recognizes, decodes and processes bar code images (bitmaps) generated by consumer-grade CMOS image sensors. The software also acts as an operating system to control sensing of bar codes in digital images and will include an API to interface with the operating environment resident in the host device. This software is the Company's primary offering and the it believes that it will offer superior performance for bar code sensing and decoding when compared to other commercially available software programs. The Company has optimized the software to work inside of a consumer-grade CMOS digital camera. Other solutions on the market require higher cost CCD or more expensive CMOS chips to function. The Company believes that its its solution is the lowest cost, best performing solution for consumer applications.

The Company's initial focus is on licensing its bar code processing software to mobile handset manufacturers and makers of PDAs. The Company plans to also license their decoding technology to device manufacturers, including bar code reader manufacturers. As part of its strategy, the Company plans to support

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

all major mobile and wireless operating systems with their product set.

(3) PATENTS AND TRADEMARKS

The Company's exclusive licensed technology, which is in current dispute with the licensor, is protected by two patents US. 6,098,882 and 6,176,427 granted to Dr. Tom Antognini, in August, 2000 and January 2001, and has been specifically targeted to accommodate the constraints of decoding bar codes from any print media, including magazines, catalogs, posters, billboards, newspapers, promotional material, and direct mail, etc. The technology will also easily read a bar code from a screen, such as would be found on a mobile handset, a PDA, PC, or television.

The ability to employ variable sized modules in a bar code is key to attaining the greatest possible densities in the symbol, the smallest number of pixels in a sensor used to decode a bar code, and the greatest robustness in decoding at a given resolution. These features enable the smallest or densest possible codes, the cheapest possible sensors, and the best user experience.

The patents in particular cover the concept of configuring modules in 2D matrix codes so that only some pixels in a printed module can have ink or toner assigned to them. That is, the inked areas of a module are separated by white space from the inked areas of adjacent modules. This feature is crucial to compensating for inks spread in an optimal manner. Without this patented technique, inks spread causes the contents of one module to spill over into adjacent modules, which will either cut down on the possible densities of information, or will require higher resolution sensors to detect the smaller white areas for modules that express an "off" bit. The technique also will compensate for various forms of interpixel leakage that often occurs in sensors, again allowing for smaller, cheaper sensors.

The power of the patented technique is demonstrated by the ability of the technology to encode 1 MB of data on one side of a printed page using standard printing processes and a 600 dpi scanner.

(4) OUR COMPETITION

The Company has identified over \$1 billion in investment commitments to the visual intelligence software solutions for wireless and mobile devices. Direct competition will come from other software companies that produce software to read bar codes from digital images. The Company, to date, has identified no other companies who are engaged in selling into the mobile telephone market. The Company's main software competitor, Axtel, sells solutions to device manufacturers producing dedicated bar code scanners for business to business applications in warehouses, retail, etc. The Company believes that the Axtel software is not well suited for consumer devices from a performance perspective.

9

A potential partner for the Company's visual intelligence software solutions for wireless and mobile devices is AirClic. Formed by Goldman Sachs, Symbol, Motorola and others, the company received \$290 million in funding commitments. AirClic operates a centralized switching service to connect bar codes through mobile devices to the Internet and is promoting the use of a small 1D bar code called the scanlet. AirClic does not produce decoding software for bar codes, but rather works with manufacturers, carriers, etc to operate the back end data network for bar code transactions through consumer devices. The Company believes that it offers superior decoding software for 1D and 2D-bar codes and as such, could work in concert with AirClic, and other companies in the "global network" area such as Akamai, IBM, Microsoft, EMC, etc.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Other companies supporting this space include Digimarc and NeoMedia. Presently these companies are focused on delivering content to devices based on a decoded bar code. They are currently supporting older generation scanning technologies to deliver non-wireless solutions to the marketplace. The Company's bar code decoding technology is complementary to these companies.

(5) OUR STRATEGY

The Company plans to support the mobile telephone/Internet convergence market by enabling mobile-commerce and e-commerce from print-based bar codes. Our client software will be licensed to device manufacturers, including producers of mobile handsets, PDAs and other devices. As part of our strategy, we will support all major mobile and wireless operating systems with our product set.

(6) OUR MARKETING STRATEGY

The Company plans through its planned merger with Scanbuy to pursue multiple opportunities in licensing the CodePoint product family into various channels. A primary sales channel is the enterprise mobile computing area where a growing number of organizations are looking to utilize visual symbol reading to streamline business processes, update supply chain databases, equip field sales and support employees and other users in the mobile workforce. An additional opportunity for the Company is in the form of security related products. The CodePoint product family has applicability in law enforcement, and building, property, and other security applications.

An additional primary sales channel involves licensing the CodePoint software into mobile devices such as handsets. The Company has entered into discussions with several multi-national consumer electronics manufacturing firms regarding licensing the product for inclusion into mobile handsets and other assorted electronic devices. The Company has also entered into discussions with several Operating System developers that sell into the mobile handset category.

(7) EMPLOYEES

As of June 9, 2003, the Company, including its subsidiaries has three employees, consisting of full-time officers and in-house-counsel. In the beginning of 2003, due to financial difficulties the company could not maintain its prior years work force consisting of developers, sales and marketing personnel and support staff. The Company believes that in its anticipated merger with Scanbuy, will solve its technical and sales force need to enable it to meet its projected business plan. No employees are covered by any collective bargaining agreements. The Company believes that our relationship with our current employees is good. The Company is however in dispute with former employees as to back salaries and severance pay. The Company's success is dependent, in part, upon its ability to attract and retain qualified management and technical personnel. The Company presently has a stock option plan for key employees and consultants.

10

(8) GOING CONCERN QUALIFICATION BY INDEPENDENT AUDITORS

The Company's independent auditors have reported that the Company has suffered recurring net operating losses and has a current ratio deficit and a shareholders deficit that raises substantial doubt about our Company's ability to continue as a going concern. As shown in the accompanying financial statements, the Company incurred a net loss of \$4,705,692 during the year ended December 31, 2002 resulting in a deficit accumulated during the development stage of \$9,098,330. Failure to raise capital or generate revenue in the future

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

may result in the Company depleting its available funds, being able to fund its investment pursuits and cause it to curtail or cease operations. Additionally, even if the Company does raise sufficient capital or generate revenue, there can be no assurances that the net proceeds or the revenue will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations.

ITEM 2. PROPERTIES

The Company's executive offices until the proposed merger with Scanbuy takes place are at the home of one of its directors. In the event of approval of the merger with Scanbuy, the Company plans to move its operations to New York City, New York where Scanbuy maintains its current operations. The Company's former rented office space located at 120 Presidential Way, Woburn, Massachusetts in the northern suburbs of the City of Boston, had to be vacated in April 2003 due to the Company's inability to continue to pay the rent. On January 8, 2001 the Company entered into a non-cancelable operating lease for the office space which commenced on May 1, 2001 and expires July 31, 2005. As a result of the breach of the lease by the Company, the Company by agreement was evicted by the landlord.

ITEM 3. LEGAL PROCEEDINGS

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 it has a good defense to the above suit.

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.

11

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, which included replenishment of approximately \$60,000 in security deposits, was entered against the Company for breach of contract for non payment of rent 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 Company's records the Company owes a total around \$100,000 in payroll taxes and a potential additional \$60,138.27, some of which are disputed, for back fees, gross salaries and accrued vacation to the following individuals:

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Thomas C. Antognini	\$12,273.03
John Poupolo	\$14,344.44
James K. Levinger	\$11,454.31
Tom Gosselin	\$ 5,332.40
Adam Cogley	6,234.09
Jerry Gruenbaum	\$12,500.00

Total	\$60,138.27
	=====

In addition there is a potential severance pay due to some individuals in accordance with their employment agreement, should it be determined that they were terminated without cause, totaling an additional \$186,350 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, which has not been previously disclosed, 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

12

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company common stock is currently trading on the Pink Sheet as a result of its failure to timely file its required annual and quarterly reports which it is now correcting. The Company was formed on April 6, 1999. In April 1999, the Company's common stock had been listed for trading on the OTC Bulletin Board under the symbol "OGNI." The trading market for the Company's stock is limited and sporadic and should not be deemed to constitute an "established trading market". In connection with the change of the Company's name to International Wireless, Inc., the Company's symbol was changed to "IWIN" on January 2, 2002.

The following table sets forth the range of bid prices of the Company's common stock during the periods indicated. Such prices reflect prices between dealers in securities and do not include any retail markup, markdown or commission and may not necessarily represent actual transactions. The information set forth below was provided by NASDAQ Trading & Market Services. These quotations have not been adjusted for the December 7, 2001, one for nine reverse stock split.

HIGH	LOW
----	----

FISCAL YEAR ENDED DECEMBER 31, 2001

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

First Quarter	0.94	0.44
Second Quarter	0.80	0.35
Third Quarter	0.03	0.03
Fourth Quarter	0.14	0.14

FISCAL YEAR ENDING DECEMBER 31, 2002

First Quarter	3.25	2.60
Second Quarter	1.42	1.10
Third Quarter	0.45	0.33
Fourth Quarter	0.15	0.14

The closing bid price for the common stock as reported by the OTC Bulletin Board on June 9, 2003 was \$0.07.

As of June 9, 2003, there were approximately 413 holders of record of the Company's common stock.

TRANSFER AGENT

The Company's transfer agent and registrar of the common stock is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034.

13

DIVIDEND POLICY

The Company has never paid dividends on the common stock and does not anticipate paying dividends on its common stock in the foreseeable future. It is the present policy of the Board of Directors to retain all earnings to provide for the future growth of the Company. Earnings of the Company, if any, are expected to be retained to finance the expansion of the Company's business. The payment of dividends on the Company's common stock in the future will depend on the results of operations, financial condition, capital expenditure plans and other cash obligations of the Company and will be at the sole discretion of the Board of Directors.

RECENT SALES OF UNREGISTERED SECURITIES

The following is information for all securities that the Company has sold since inception without registering the securities under the Securities Act. These securities do not reflect a one-for-nine reverse split of the total issued and outstanding common stock of the Company that took place in December 7, 2001:

The Company sold 100,000 shares of common stock for \$100,000 to an accredited investor on January 18, 2000, and sold 21,390 shares of common stock for \$99,998.25 to another accredited investor on February 12, 2000. These investors were individuals personally known to members of the Company's management. Each of the sales was conducted in accordance with Rule 606 of Regulation E of the Securities Act of 1933 (as amended, the "Act") exempt from registration and free trading.

On April 14, 2000 the Company sold 50,000 shares of common stock to an accredited investor for \$50,000 or \$1.00 per share. These shares were sold in connection with a private offering pursuant to Section 4(2) of the Securities Act and are restricted from resale pursuant to Rule 144 of the Act.

On May 8, 2000 the Company offered to sell and on May 24, 2000 completed

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

the sale of 142,000 units to private accredited investors for an aggregate of \$106,500 or \$0.75 per unit. We received net proceeds totaling \$96,500 after payment of a 10% finders fee to a non affiliated third party. Each Unit was comprised of one share of common stock (free trading pursuant to Rule 606 of Regulation E) and one Class A common stock purchase warrant. Each Class A common stock purchase warrant is exercisable for one restricted common stock upon payment of \$.75 per warrant. The Class A warrants are exercisable for a five year period.

On February 29, 2000 the Company offered for sale 16,000 shares of Series A Convertible Preferred Stock for \$4,600,000 or \$287.50 per share. The Series A Convertible Preferred Stock was convertible into common stock in stages occurring at one months intervals over a ten month period. The Series A Convertible provided for (a) a liquidation preference of \$1.00 per share (plus all declared but unpaid dividends); (b) full voting rights based upon the number of shares of common stock into which each share is convertible; (c) no conversion price per share of common stock; and (d) an automatic conversion into common stock on specified dates. Class 1 Series A investors received the above terms and had their funds placed into an escrow account which was set up where the aggregate proceeds deposited in this account was to be released to the Company reached \$2,650,000. The use of proceeds were allocated for a proposed acquisition of Encore/Sigma and for working capital. If the funds did not reach that amount by a specified date, all principal and interest earned was to be returned to the Class 1 Series A Preferred holders. Class 2 Series A Convertible Preferred holders were offered one additional restricted common stock for every \$10.00 they invested if they agreed to allow the Company to use their funds for current working capital rather than have their funds deposited in the escrow account.

14

On June 6, 2000 the Company terminated the Series A Convertible Preferred Stock offering, and on June 23, 2000, we returned to our Class 1 investors an aggregate of \$638,763 plus accrued interest which was previously recorded as restricted cash. Also on June 6 we offered our Class 2 investors, in lieu of each Series A Convertible Preferred Stock and restricted stock awarded, 383.33 Units. Each Unit was comprised of one share of common stock and one Common Stock Purchase Warrant where each Common Stock Purchase Warrant is redeemable for one share of common stock at an exercise price of \$1.50 per share. As a result of this exchange, we issued 324,999 shares of common stock for \$243,750 or \$0.75 per share along with 324,999 Common Stock Purchase Warrants. The warrants are exercisable for a period of five years. The common stock was free trading based on filing an offering circular pursuant to Rule 604 of Regulation E of the Securities Act. No shares underlying the Common Stock Purchase Warrants are restricted from resale pursuant to Rule 144 of the Act. Proceeds received from the sale were used for working capital purposes and payment of the break up fee paid to Encore/Sigma.

On June 12, 2000 the Company sold 20,000 shares of common stock to two accredited investors for \$25,000 or \$1.25 per share. These shares are restricted from resale pursuant to Rule 144 of the Act. Proceeds received from the sale were used for working capital purposes.

On August 24, 2000 the Company sold an aggregate of 344,827 shares of common stock to ten accredited investors for \$100,000 or \$0.29 per share. These shares were sold in connection with a private offering pursuant to Rule 606 of Regulation E and are free trading. Proceeds received from the sale were used for working capital purposes.

On August 29, 2000 the Company offered to sell and on September 12, 2000 completed the sale of 350,000 shares of common stock to an accredited investor

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

for an aggregate of \$507,500 or \$1.45 per share. Net proceeds received were \$456,750, net of direct related costs of \$50,750. These shares were sold in connection with filing an offering circular pursuant to Rule 604 of Regulation E of the Securities Act. Use of proceeds from this offering include payment of accounting fees, legal fees associated the Alpha transaction and Vivocom transaction and with the evaluation of Vivocom's patent application, and for general working and operating capital purposes.

On March 28, 2001 the Company sold 33,333 units to an investor for an aggregate of \$10,000 or \$.30 per share. Each unit is comprised of one share of common stock and one common stock warrant. Each warrant is redeemable for one share of common stock upon the payment of \$.40.

On April 4, 2001, the Company sold 100,000 units to an investor for an aggregate of \$30,000 or \$.030 per unit. Each unit was comprised of one share of common stock and one and one half common stock warrants, or 150,000 common stock warrants. Each common stock warrant is redeemable for one share of common stock upon payment of \$.40 per warrant.

15

On May 9, 2001 the Company sold 50,000 units to an investor for an aggregate of \$20,000, or \$.40 per unit. Each unit is comprised of one share of common stock and one common stock warrant. Each common stock warrant is redeemable for one share of common stock upon the payment of \$.40 per warrant.

On May 15, 2001, the Company received \$10,000 in the form of a short term bridge loan from an investor. The duration of this loan is one month and has an interest rate of 12% per annum. This investor also received common stock warrants to purchase an aggregate of 15,000 shares of our common stock exercisable at \$.51 per share.

On May 17, 2001 the Company issued warrants to a non-affiliated consultant to purchase an aggregate of 12,500 shares of common stock at an exercise price of \$.40 per share.

On May 31, 2001 the Company sold 49,019.60 units to an investor for an aggregate of \$25,000, or \$.51 per unit. Each unit was comprised of one share of common stock and six common stock purchase warrants. Each common stock warrant is redeemable for one share of common stock upon the payment of \$.40 per warrant.

On August 20, 2001 the Company offered to sell pursuant to a private placement an aggregate of 5,400,000 shares of its common stock at \$0.02 per share for an aggregate of \$108,000. Said shares shall be restricted pursuant to Rule 144 of the Securities Act of 1933. Proceeds from the sale shall be used for covering outstanding liabilities of the company and to pay for costs associated with its continual listing on the NASDAQ OTC:BB exchange. At the time of filing of this Form 10-Q, One investor for an aggregate had purchased 1,500,000 of these shares for an aggregate purchase price of \$30,000.

On May 15, 2001, the Company received \$10,000 in the form of a short-term bridge loan from an investor. The duration of this loan is one month and has an interest rate of 12% per annum. This investor also received common stock warrants to purchase an aggregate of 15,000 shares of our common stock originally exercisable at \$.51 per share but adjusted to \$.40 per share and also received an additional 10,000 common stock purchases warrants to purchase an additional 10,000 shares of our common stock for extending the due date of the note.

On May 17, 2001 the Company received \$7,500 in the form of a short-term

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

bridge loan from an investor and on May 21, 2001 we received an additional \$2,500 from that investor as a short-term bridge loan. The duration of the loans were 90 days and jointly due on August 21, 2001 and has an interest rate of 12% per annum. This investor also received common stock purchase warrants to purchase an aggregate of 25,000 shares of our common stock exercisable at \$0.40 per share.

On May 21, 2001 the Company received \$20,000 in the form of a short-term bridge loan from an investor. The duration of the loan was 90 days and due on August 21, 2001 and has an interest rate of 12% per annum. This investor also received common stock purchase warrants to purchase an aggregate of 50,000 shares of our common stock exercisable at \$0.40 per share.

16

On July 15, 2001 the Company received \$12,000 in the form of a short-term bridge loan from an investor. The duration of the loan was 60 days and due on September 15, 2001 and has an interest rate of 12% per annum. This investor also received common stock purchase warrants to purchase an aggregate of 50,000 shares of our common stock exercisable at \$0.40 per share.

On August 20, 2001 the Company offered to sell five million four hundred thousand shares (5,400,000) at a purchase price of \$0.02 per share for an aggregate of \$108,000 ("Private Offering"). These shares are sold pursuant to an exemption under the registration requirements of the Securities Act of 1933 (the "Securities Act") and are restricted from resale pursuant to Rule 144 of the Securities Act.

On August 29, 2001 the Company sold 1,500,000 shares of the Private Offering to an investor for an aggregate of \$30,000. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

On September 4, 2001 the Company sold 1,875,000 shares of the Private Offering to an investor for an aggregate of \$38,696 in the form of 101,834 shares of Telehublink, Inc. ("THLC") free trading common stock.

On September 19, 2001 the Company sold 525,500 shares of the Private Offering to an investor for an aggregate of \$10,500 in the form of 53,000 shares of THLC free trading common stock at a value of \$0.198 per share of THLC stock.

On October 3, 2001 the Company sold 250,000 shares of the Private Offering to an investor for an aggregate of \$5,000. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

On October 4, 2001 the Company sold 250,000 shares of the Private Offering to an investor for an aggregate of \$5,000. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

On October 10, 2001 the Company sold 500,000 shares of the Private Offering to an investor for an aggregate of \$10,000. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

On October 12, 2001 the Company sold 375,000 shares of the Private Offering to an investor for an aggregate of \$7,500. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

On October 17, 2001 the Company sold 125,000 shares of the Private Offering to an investor for an aggregate of \$2,500. The investor was an accredited investor as that term is defined pursuant to Rule 501 of the Securities Act of 1933. The offering was done pursuant to Rule 606 of Regulation E.

17

During the year ended December 31, 2002, \$42,000 of loans payable at December 31, 2001 were converted into the Company's common stock under a private placement for 49,900 shares and the exercise of 50,000 warrants.

During the year ended December 31, 2002, \$160,149 of notes payable, related parties was converted into 1,550,414 shares of common stock under the Company's private placement offering.

During the year ended December 31, 2002, 5,863,928 shares of common stock were issued for \$691,772 in connection with a private placement offering.

During the year ended December 31, 2002, 620,351 shares of the Company's common stock were issued to consultants for services rendered at a value of \$364,545.

During the year ended December 31, 2002, 890,832 common stock warrants were exercised for \$385,983 at prices ranging from \$0.00 to \$0.10 per share.

During the year ended December 31, 2002, 510,107 shares of common stock were issued for the exercise of stock options for a consideration of \$204,050.

The Company believes that the transactions described from inception through January 3, 2001 above were exempt from registration under Regulation E "Exemptions For Small Business Investment Companies" of the Securities Act of 1933 because the Company qualified at the time as a Small Business Investment Company, the aggregate amount of the subject securities was not in excess of \$100,000 and the subject securities were sold to a limited group of persons, each of whom was believed to have been a sophisticated investor. Restrictive legends were placed, as applicable, on stock certificates evidencing the securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND PLAN OF OPERATION

The following discussion and analysis provides certain information, which the Company's management believes is relevant to an assessment and understanding of the Company's results of operations and financial condition for the year ended December 31, 2002. This discussion and analysis should be read in conjunction with the Company's financial statements and related footnotes.

The Company's auditors have issued a going concern opinion. The Company's auditors have reported that the Company has suffered net operating losses and has a current ratio deficit that raises substantial doubt about our Company's ability to continue as a going concern.

18

The statements contained in this section that are not historical facts are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Such forward-looking statements may be identified by, among other things, the use of

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

forward-looking terminology such as "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. From time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in our various filings with the SEC, or press releases or oral statements made by or with the approval of our authorized executive officers.

These forward-looking statements, such as statements regarding anticipated future revenues, capital expenditures and other statements regarding matters that are not historical facts, involve predictions. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. We do not undertake any obligation to publicly release any revisions to these forward-looking statements or to reflect the occurrence of unanticipated events. Many important factors affect our ability to achieve its objectives, including, among other things, technological and other developments in the Internet field, intense and evolving competition, the lack of an "established trading market" for our shares, and our ability to obtain additional financing, as well as other risks detailed from time to time in our public disclosure filings with the SEC.

The Company was incorporated in the State of Maryland on April 6, 1999 as Origin Investment Group, Inc. ("Origin"). On December 27, 2001, the Company went through a reverse merger whereby it acquired all the outstanding shares of International Wireless, Inc., a Delaware corporation ("International Wireless"). Under the said reverse merger, the former Shareholders of International Wireless ended up owning a 88.61% interest in the Company. Thereafter on January 2, 2002, the Company officially changed its name with the State of Maryland from Origin to our current name, International Wireless, Inc. (a Maryland Corporation).

The Company was originally formed as a non-diversified closed-end management investment company, as those terms are used in the Investment Company Act of 1940 ("1940 Act"). The Company at that time elected to be regulated as a business development company under the 1940 Act. The 1940 Act defines a business development company (a "BDC") as a closed-end management investment company that provides small businesses that qualify as an "eligible portfolio company" with investment capital and also significant managerial assistance. A BDC is required under the 1940 Act to invest at least 70% of its total assets in "qualifying assets" consisting of (a) "eligible portfolio companies" as defined in the 1940 Act and (b) certain other assets including cash and cash equivalents.

The Company's original investment strategy had been, since inception, to invest in a diverse portfolio of private companies that in some way build the Internet infrastructure by offering hardware, software and/or services which enhance the use of the Internet. Prior to its reverse merger with International Wireless, the Company identified two eligible portfolio companies within which they entered into agreements to acquire interests within such companies and to further invest capital in these companies to further develop their business. However, on each occasion and prior to each closing, the Company was either unable to raise sufficient capital to consummate the transaction or discovered information which modified their understanding of the eligible portfolio company's financial status to such an extent where it was unadvisable for them to continue and consummate the transaction.

On December 27, 2001, the Company went through a reverse merger whereby it acquired all the outstanding shares of International Wireless. Under the said reverse merger, the former Shareholders of International Wireless the Delaware corporation ended up owning a 88.61% interest in the Company. Thereafter on

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

January 2, 2002, the Company changed its name officially in the State of Maryland from Origin to our current name, International Wireless, Inc.

On January 15, 2002, the Company acquired Mitigo, Inc. a Delaware corporation with its corporate headquarters located in Woburn, Massachusetts. The Acquisition consisted of a stock for stock exchange in which the Company acquired all of the issued and outstanding common stock of Mitigo in exchange for the issuance of a total of 4,398,000 shares of its common stock, 2,998,006 at closing, and the remaining 1,399,994 held in escrow and to be distributed subject to net income performance for the years 2002 and 2003. As a result of this transaction, Mitigo became a wholly-owned subsidiary of the Company.

The Company is a developer of visual intelligence software solutions for wireless and mobile devices. The Company's software decodes barcodes and other visual symbols in mobile handsets and PDAs that have integrated digital cameras. This capability provides "visual intelligence" to mobile devices enabling rapid mobile transactions and pinpoint navigation to multimedia content and information. The Company's technology dramatically improves the usability and functionality of mobile devices helping overcome user interface barriers to mobile transactions and commerce.

On May 30, 2003, the Company entered into a Merger Agreement to merge the Company with Scanbuy, Inc. a Delaware corporation with its corporate headquarters located in New York, New York. Under said Merger Agreement the Company is scheduled to issue to the shareholders of Scanbuy 25,594,965 newly issued unregistered Common Shares which equal to the issued and outstanding shares of the Company as of May 19, 2003.

The above Merger Agreement is subject to approval of the transaction by the directors and shareholders of each of the Company and Scanbuy including an increase in the authorized number of shares of the Company to enable it to do the merge, and execution of appropriate employment and non-compete agreements. The parties anticipate closing the transaction on or before June 16, 2003.

RESULT OF OPERATIONS FOR FISCAL YEARS ENDED 2002 AND 2001

We are a Development Stage Company, and had minimal revenues of \$31,093 for the fiscal years ended December 31, 2002 and commenced operations January 1, 2001. We anticipate that within the next few quarters, we will begin to receive material revenues from new sources, namely the licensing of our bar code processing software to mobile handset manufacturers and makers of PDAs as well as device manufacturers including bar code reader manufacturers. We expect with anticipated merger with Scanbuy, but can not guarantee, that for calendar year 2003, most of our revenue will be derived from the bar code processing software technology.

20

Our General and Administrative Expenses for the fiscal year ended December 31, 2002 was \$4,640,164. We anticipate that our General and Administrative Expenses in future periods could increase as a result of an anticipated increase in employees and the recent signing of the Merger Agreement with Scanbuy. However, the Company believes that its revenues for calendar year 2003 will be greater than it has been for calendar year 2002 and that its overall expenses including the General and Administrative Expenses will be less due to cost cutting measures. However, there can be no assurance that the Company will be able to generate revenues in excess of overall expenses and costs of sales.

Our net loss for the fiscal year ended December 31, 2002 was \$4,705,692. A component of the loss other than the General and Administrative Expenses was the result of a \$93,279 unrealized loss on marketable securities and a \$3,342 net

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

interest expense.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2002, our cash balance was \$24,966. Our working capital requirements depend upon numerous factors, including, without limitation, levels of resources that we devote to the further development of our bar code processing software, technological advances, status of competitors and our ability to establish collaborative arrangements with other organizations. We are seeking to raise up to \$5 million of additional capital from private investors and institutional money managers in the next few months, but there can be no assurance that we will be successful in doing so. If we are not successful in raising any of this additional capital, our current cash resources are not sufficient to fund our current operations into the third quarter of 2003. We intend to accelerate our development and infrastructure spending in the coming calendar quarters if we have sufficient capital resources available to do so, however, our ability to do so is highly uncertain at this time. Our independent auditors have noted in their report on our 2002 financial statements that there are existing uncertain conditions that we face relative to our capital raising activities, and these conditions raise substantial doubt as to our ability to continue as a going concern.

RECENT ACCOUNTING PRONOUNCEMENTS:

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations". SFAS No. 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets", which will become effective for the Company in 2002. SFAS No. 142 requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairment of goodwill.

21

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 changes the accounting for long-lived assets to be held and used by eliminating the requirement to allocate goodwill to long-lived assets to be tested for impairment, by providing a probability weighted cash flow estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of possible future cash flows and by establishing a primary-asset approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for long-lived assets to be held and used. SFAS No. 144 changes the accounting for long-lived assets to be disposed of other than by sale by requiring that the depreciable life of a long-lived asset to be abandoned be revised to reflect a shortened useful life and by requiring the impairment loss to be recognized at the date a long-lived asset is exchanged for a similar productive asset or distributed to owners in a spin-off if the carrying amount of the asset exceeds its fair value. SFAS No. 144 changes the accounting for long-lived assets to be disposed of by sale by requiring that discontinued operations no longer be recognized on a net realizable value basis (but at the lower of carrying amount or fair value less costs to sell), by eliminating the recognition of future operating losses of discontinued components before they occur and by broadening the presentation of discontinued operations in the income statement to include a component of an

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

entity rather than a segment of a business. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally, and for financial reporting purposes, from the rest of the entity.

The Company has adopted SFAS No. 144 effective January 2, 2002. The adoption of the new statement will not have a significant impact on the Company's financial statements.

ITEM 7. FINANCIAL STATEMENTS

The audited balance sheets of the Company as of December 31, 2002 and related statements of operations, stockholders' equity and cash flows for the years ended December 31, 2002 are included, following Item 13, in sequentially numbered pages numbered F-1 through F-24. The page numbers for the financial statement categories are as follows:

22

Index	Page
Independent auditors' report	F-1
Consolidated balance sheet	F-3
Consolidated statements of operations	F-4
Consolidated statement of stockholders' equity	F-5
Consolidated statement of cash flows	F-6
Notes to consolidated financial statements	F-8

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III.

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

DIRECTORS AND EXECUTIVE OFFICERS

The following table and text sets forth the names and ages of all directors and executive officers of the Company and the key management personnel as of December 31, 2002. The Board of Directors of the Company is comprised of only one class. All of the directors will serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the Board of Directors and are appointed to serve until the first Board of Directors meeting following the annual meeting of stockholders. Also provided is a brief description of the business experience of each director and executive officer and the key management personnel during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

securities laws.

NAME ----	AGE ---	POSITION -----
Dr. Ira W. Weiss	55	Chairman of the Board and Director
Stanley A. Young	76	Directors
Adam D. Young	40	Director (Resigned April 2003)
Michael Dewar	27	Chief Operating Officer, Treasurer and Director
John B. Kelly	68	Director
Jerry Gruenbaum	47	Secretary and In-House Legal Counsel

23

THE OFFICERS AND DIRECTORS OF THE COMPANY ARE SET FORTH BELOW.

DR. IRA W. WEISS was appointed a director of the Company in January 2002 as part of the reverse merger with International Wireless, Inc. He has assumed the position as Chairman of the Board since April 8, 2002. Since 1994, he has been the Dean of the College of Business Administration of Northeastern University in Boston, Massachusetts. From January 1992 to July 1994, Dr. Weiss was the Dean of the Madrid School of Business, an education institution affiliated with the University of Houston, in Madrid Spain. From 1989 to 1991, Dr. Weiss was the Vice President and Associate Chancellor of Information Technology at the University of Houston. Dr. Weiss holds a PhD with Distinction from the Graduate School of Management of the University of California and has lectured and published widely in the areas of management and information systems.

STANLEY A. YOUNG was appointed The Chief Executive Officer and the Chairman of the Board of Directors of the Company in January 2002 as part of the reverse merger with International Wireless, Inc. In April 2002 Mr. Young resigned from the Board and has re-joined the Board in March 2003. Mr. Young is a co-founder of International Wireless, Inc. He is an accomplished entrepreneur and venture capitalist who over the past 40 years has founded, financed, and directed many successful companies in a variety of industries. In 1996, Mr. Young was instrumental in the successful IPO of Compressent Corporation and, in early 1997, successfully brought out SEEC, Inc. through H.C. Wainwright. In 1994, he played a major role in the IPO of Andyne Computing, a developer of precision support software for end-users. In 1990, as a director of Jet Form, Inc., he helped the company secure financing and go public in 1993. In 1985, Mr. Young re-structured and provided \$700,000 of new capital to a small, insolvent garment manufacturer. Nutmeg Mills Industries went on to design and manufacture a popular line of apparel with valuable licensing rights from colleges and professional sports franchises. The company went public within a year of Mr. Young's involvement at a valuation of \$16 million, besting even Microsoft's IPO performance that year. In 1991, Dow Jones recognized Nutmeg as the second best NYSE stock. In 1994, Nutmeg was acquired for \$350 million. Also in 1985, Mr. Young invested the seed money and became a Director of Parametric Technology, a developer of CAD/CAM software. The company went public with Alex Brown in 1989 and today possesses a \$1 billion market cap.

MICHAEL DEWAR was appointed The Chief Operating Officer and a director of

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

the Company in January 2002 as part of the reverse merger with International Wireless, Inc. He is the co-founder of International Wireless, Inc. Prior to his association with the Company, Mr. Dewar funded several portfolio companies through debt-equity and equity financing, as well as created a wide variety of offshore strategic partnerships as a General Partner at Atlantic Ventures Management. He has acted as a founder, financier and Director of several companies, particularly early stage technology start-up situations. Prior to Atlantic Ventures Management, Mr. Dewar spent several years working in Europe and Africa, where he continues to serve as a Director for Mercury Inter-Trade Ltd. Mr. Dewar earned his Bachelor of Arts from Rollins College, with a major in Economics, and his MBA in Management and Finance from Northeastern University.

24

ADAM D. YOUNG was appointed to the Board of Directors in April 2002. He resigned from the Board in April 2003. For the past five years, Mr. Young has worked in the real estate investment and development field as President of Young Development Corp. Previously, Mr. Young worked as a venture capitalist, investing primarily in computer hardware, computer software and telecommunications firms. Mr. Young continues to invest in high tech firms and maintains an ownership position in many promising private companies. He is a significant shareholder in SEEC, Inc. (NASDAQ: SEEC) which provides technologies for using the internet to access legacy data from mainframe systems. Mr. Young received an A.B. degree from Harvard College in 1986.

JOHN B. KELLY was appointed to the Board of Directors in April 2002. Mr. is currently a principal at Reid Eddison Inc., a Canadian technology mentoring company. Throughout his career, Mr. Kelly has been a pioneer within the Canadian high-technology industry. He was the President and CEO of JetForm Corporation from 1995 until 1999. A global leader in providing open, client/server and web-based E-Process software solutions, Jetform's revenues increased tenfold from \$10 million to \$100 million under his leadership. Mr. Kelly founded and was CEO of Why Interactive Inc., Canada's first interactive multimedia development company. He was also founder, President and CEO at Computer Innovation Distributors Inc. and Nabu Network Corporation, a cable-based software and information distributor. A founder of SHL Systemhouse Ltd., Canada's largest systems integrator, he served as Senior Vice-President and COO from the company's inception in 1974 until 1980. In 1997, Mr. Kelly was recognized as both the City of Ottawa's High Technology Citizen of the Year, and the Province of Ontario's Master Entrepreneur of the Year. In 1998 he won the Ottawa Business Journal's poll for the city's most respected CEO, and in 1999 he was presented with the Ottawa Centre for Research and Innovation (OCRI) Civic Entrepreneur of the Year Award. Mr. Kelly is Co-Chairman of the Board of Directors of the Canadian Advanced Technology Alliance (CATA) and past Chair of Innovators Alliance, an advisory council to the Government of Ontario with members representing Ontario's fastest growing companies. He also serves on the Boards of a number of private and public companies including AutoSkill International Inc., Burntsand Inc., Impatica Inc. and NexInnovations Inc. He holds an honors law degree and an honorary doctorate degree from the University of Ottawa, and an honors B.B.A. degree (Finance) from Iona College in New Rochelle, New York.

JERRY GRUENBAUM, ESQ., is the Corporate Secretary, and General Counsel. He has been admitted to practice law since 1979 and is a licensed attorney in various states including the States of Massachusetts and Connecticut where he maintains his practice, specializing in Securities Law, Mergers and Acquisitions, Corporate Law, Tax Law, International Law and Franchise Law. He is a former President and a Chairman of the Board of Directors of a multinational publicly-traded company with operations in Hong Kong and the Netherlands. He worked for the tax departments for Peat Marwick Mitchell & Co. (now KPMMG Peat Marwick LLP) and Arthur Anderson & Co. (now Arthur Anderson LLP). He has served as Compliance Director for CIGNA Securities, a division of CIGNA Insurance. He

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

has lectured and taught at various Universities throughout the United States in the areas of Industrial and financial Accounting, taxation, business law, and investments. Attorney Gruenbaum graduated with a B.S. degree from Brooklyn College - C.U.N.Y. Brooklyn, New York; has a M.S. degree in Accounting from Northeastern University Graduate School of Professional Accounting, Boston, Massachusetts; has a J.D. degree from Western New England College School of Law, Springfield, Massachusetts; and an LL.M. in Tax Law from the University of Miami School of Law, Coral Gables, Florida.

25

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file various reports with the Securities and Exchange Commission concerning their holdings of, and transactions in, securities of the Company. Copies of these filings must be furnished to the Company. The Company is in full compliance with Section 16(a).

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth the compensation paid during the fiscal years ended December 31, 2002, 2001, and 2000 to the Company's Chief Executive Officer.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION -----	YEAR ----	SALARY -----
Graham F. Paxton (1)	2002	US\$nil
Stanley A. Young(2), Chairman, and Chief Executive Officer	2001	\$107,258
Gregory H. Laborde(3), Director, and Chief Executive Officer	2001 2000	US\$nil US\$nil
Omar A. Rizvi(4), Chairman, and Chief Executive Officer	2001 2000	US\$nil US\$nil

- (1) On August 19, 2002 Graham Paxton by Agreement with the Company resigned as Chief Executive Officer, President and a member of the Board of Directors.
- (2) On April 5, 2002, Stanley A. Young retired as Chairman, and Chief Executive Officer and Graham F. Paxton became Chief Executive Officer, President and a member of the Board of Directors.
- (3) On December 27, 2001, Gregory H. Laborde resigned as Chief Executive Office of the Company as part of the reverse merger with International Wireless, Inc.

26

- (4) On August 11, 2001, Omar A. Rizvi resigned as President and Chairman of the Board of the Company for personal reasons.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

COMPENSATION AGREEMENTS

The Company has entered into eight employment agreements with employees and officers of the company whereby the Company has the potential liability to pay a minimum total salary of \$889,200 per annum plus bonus, annual increase and stock options. These employment agreements terminate on December 31, 2004. Most of these employees are no longer with the Company. The Company is in legal dispute as to the degree of its obligations it may have to these employees.

BOARD OF DIRECTORS

During the year ended December 31, 2002, all corporate actions were conducted by unanimous written consent of the Board of Directors. Directors receive no compensation for serving on the Board of Directors, but are reimbursed for any out-of-pocket expenses incurred in attending board meetings. The Company had no audit, nominating or compensation committees, or committees performing similar functions, during the year ended December 31, 2002.

STOCK OPTION PLAN

Effective December 27, 2001, the Company granted qualified stock options to purchase 1,607,500 shares (representing post-Merger shares) of the Company's common stock to employees and consultants with exercise prices ranging from \$0.40 to \$0.46 per share. These options vest between one and three years and expire from one to five years from issuance date. The options issued to the employees and consultants have no intrinsic value as of this date.

During the year ended December 31, 2002, the Company granted additional options (net of cancellations) to employees and consultants with exercise prices ranging from \$0.15 to \$1.44 per share. The option vest between one and three years and expire from one to five years from issuance date. The options issued to employees have no intrinsic value as of this date.

During the year ended December 31, 2001, prior to the Merger, the Company issued non-qualified options to purchase 50,000 shares of the Company's common stock to employees and consultants with an exercise price of \$0.01 per share. These options vest over one year and have no expiration date. Compensation expense for the year ended December 31, 2001 relating to these options amounted to \$116,887. On December 27, 2001, the date of the Merger, these 50,000 options were recapitalized into 226,066 options to purchase the public entity's common stock.

During the year ended December 31, 2002, the Company issued an additional 197,666 non-qualified stock options to employees at an exercise price of \$0.01 per share. These options vest over one year and have no expiration date. Compensation expense was not provided for these options since the options were issued to compensate for a reduction in salary.

27

For the year ended December 31, 2002, the Company has amortized stock based compensation established in 2002 and 2001. The amount included in the financial statement for the year ended December 31, 2002 and 2001 is \$1,542,310 and \$116,887.

Pro forma information regarding net loss and net loss per share is required by SFAS 123, and has been determined as if the company had accounted for its employee stock options under the fair value method of SFAS 123. The Black-Scholes option-pricing model with the following weighted-average assumptions are as follows:

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

	December 31,	
	2002	2001
Assumptions		
Risk-free rate	1.99-4.16	2.26 - 5.43%
Dividend yield	N/A	N/A
Volatility factor of the expected market price of the Company's common stock	45.37	298%
Average life	4	5 years

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the options. Accordingly, there is no difference between actual and proforma results during the years ended December 31, 2002 and 2001.

Stock option activity is summarized as follows:

Qualified Stock Options

	Number of options Outstanding	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
Balance January 1, 2001		-		
Option granted (representing post-merger shares)		1,607,500		
Balance December 31, 2001	1,607,500	\$0.46		
Granted	1,774,000	\$0.72		
Exercised	(487,500)	\$0.42		
Cancelled	(792,500)	\$0.75		
Balance December 31, 2002	2,101,500	\$0.52	804,655	\$0.54

28

Non Qualified Stock Options

	Number of options Outstanding	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
Balance January 1, 2001	-			
Granted	226,066	\$0.01		
Balance December 31, 2001	226,066	\$0.01		
Granted	937,666	\$0.08		

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Exercised	(22,607)	\$0.01		
Cancelled	(740,000)	\$0.10		
	-----	-----		
Balance December 31, 2002	401,125	\$0.01	401,125	\$0.01
	=====	=====	=====	=====
Total Qualified and Non Qualified Options Outstanding	2,502,625			
	=====			

WARRANTS

In connection with the reverse merger on December 27, 2001 of International Wireless, Inc. into Origin Investment, Inc., the Company assumed an aggregate of 1,614,482 warrants which were issued by Origin prior to the merger. These warrants have exercise prices ranging from \$0.10 to \$13.50, are fully vested and expire on February 10, 2006.

Warrants holders at the exercise price of \$0.40 totaling 757,301 warrants and at the exercise price of \$0.75 totaling 142,000 were called in the first quarter of 2002. These warrants were subject to a clause whereby the warrants are not exercise-able until the Company sends the warrant holders written confirmation that the five consecutive trading day average closing bid price equals or exceed 150% of the value of the exercise price of the warrants. The warrant holders had 10 business days to exercise the entire amount of the warrants pursuant to the agreement, in the event the warrant holders failed to exercise, the number of warrants outstanding as well as the exercise price were subject to adjustment. During the first quarter of 2002, an aggregate of 807,500 of these warrants were exercised for \$345,900 for exercise prices between \$0.40 and \$0.75 per warrant in exchange for 607,500 shares of the Company's common stock. 91,801 warrants failed to exercise, these warrants were reversed 9 for 1 to a total of 10,201 warrants.

Transactions involving warrants are summarized as follows:

Balance - January 1, 2001	-
Warrants assumed in the Merger (representing post-Merger shares)	1,614,482

Balance - December 31, 2001	1,614,482
Warrants exercised for cash	(890,832)
Warrants exercised for debt conversion	(50,000)
Warrants cancelled	(429,166)
Adjustment for reverse merger	(81,602)

Balance December 31, 2002	162,882
	=====

29

The following table summarizes information concerning warrants outstanding at December 31, 2001.

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable	Weighted Average Exercise Price
----------------	--------------------	---	--------------------	---------------------------------

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

0.40	21,534	5 years	21,534	\$ 0.40
0.75	5,332	4 years	5,332	\$ 0.75
1.50	114,999	4 years	114,999	\$ 1.50
2.70	4,166	4 years	-	\$ 2.70
3.60	8,333	4 years	-	\$ 3.60
13.50	8,518	4 years	-	\$13.50

These warrants are subject to a clause whereby the warrants are not exercise-able until the Company sends the warrant holders written confirmation that the five consecutive trading day average closing bid price equals or exceed 150% of the value of the exercise price of the warrants. The warrant holders shall have 10 business days to exercise the entire amount of the warrants pursuant to the agreement; should the warrant holders fail to exercise, the number of warrants outstanding as well as the exercise price are subject to adjustment.

INDEMNIFICATION

Under the Company's Article of Incorporation and its Bylaws, the Company may indemnify an officer or director who is made a party to any proceeding, including a law suit, because of his position, if he acted in good faith and in a matter he reasonably believed to be in the Company's best interest. The Company may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, the Company must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Maryland.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Maryland law, the Company is informed that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of December 31, 2002 with respect to the beneficial ownership of the common stock of the Company by each beneficial owner of more than 5% of the outstanding shares of common stock of the Company, each director, each executive officer and all executive officers and directors of the Company as a group, the number of shares of common stock owned by each such person and group and the percent of the Company's common stock so owned.

As used in this section, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Exchange Act as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose of or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, subject to community property laws where applicable. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

otherwise indicated. The address of those persons for which an address is not otherwise indicated is 55 Marble Ridge Road, North Andover, Massachusetts 01845.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES	PERCENTAGE OF CLASS (1)
Dr. Ira W. Weiss	--(2)	--%
Michael Dewar	713,033(3)	3.07%
Stanley A. Young	8,818,763(4)	37.93%
John B. Kelly	---	--%
Jerry Gruenbaum, Esq.	---(5)	--%
All Directors and Executive Officers as a group (4 persons)	9,531,796	41.00%
5% Beneficial Owners		
Young Technology Fund II	1,652,153(5)	7.11%
Young Technology Fund I	2,976,759(6)	12.80%

- (1) Calculations based upon 23,249,442 shares of common stock issued and outstanding on December 31, 2002.
- (2) Dr. Weiss holds 50,001 options at \$0.46 per share, exercisable 16,667 at the end of each fiscal year for fiscal years 2002 through 2004.
- (3) Represents 600,000 shares owned by Donald R. Dewar and 113,033 owned by Brenda Dewar, the parents of Michael Dewar. In addition Mr. Dewar holds 450,000 options at \$0.46 per share, exercisable 37,500 at the end of each fiscal quarter for fiscal years 2002 through 2004.
- (4) Mr. Young owns 3,725,114 shares in his own name, plus 600,000 options at \$0.46 per share, exercisable 50,000 at the end of each fiscal quarter for fiscal years 2002 through 2004. In addition he is attributable to owning in addition 464,737 shares owned by his wife Barbara Young, and is attributable to owning 2,976,759 shares owned by Young Technology Fund I and 1,652,153 shares owned by Young Technology Fund II for whom he holds investment rights and a large ownership percentage.
- (5) Atty. Jerry Gruenbaum holds 50,000 options at \$0.46 per share exercisable on or before December 31, 2005.
- (6) Young Technology Fund II is managed by and is attributable to Mr. Stanley A. Young.
- 31
- (7) Young Technology Fund I is managed by and is attributable to Mr. Stanley A. Young.

CHANGES IN CONTROL

On December 27, 2001, a change in control of the Company occurred in conjunction with the closing under an Acquisition Agreement dated December 27, 2001, between the Company and International Wireless, Inc., a Delaware corporation with its corporate headquarters located in Woburn, Massachusetts.

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

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

stock of International Wireless in exchange for the issuance of 9,721,080 shares of its common stock, after a 9 for 1 reverse split of the Company's outstanding shares. As a result of this transaction, International Wireless became a wholly-owned subsidiary of the Company.

As a result of this Acquisition, a change in control of Company had occurred. Prior to the Agreement, the Company had 9,485,569 shares of common stock issued and outstanding. Following the closing, and an agreed to 9 for 1 reverse split, the Company had 1,220,890 shares of common stock outstanding. The 9,721,080 shares of common stock have been issued to thirty seven different shareholders. Stanley A. Young the new Chairman of the Board at that time owned 1,085,114 shares directly and is attributable to owning a total of 6,188,764 through relations and funds under his control.

In accordance with the Acquisition Agreement, the Board of Directors of the Company had approved to file a change of name for the Company from Origin Investment Group, Inc. to International Wireless, Inc., and to change the corporate office from Santa Monica, California to 120 Presidential Way, Woburn, Massachusetts 01801. The change of corporate office took place immediately. The change of name and the change in trading symbol from OGNI to IWIN took place on January 2, 2002.

On May 30, 2003, the Company entered into a Merger Agreement to merge the Company with Scanbuy, Inc. a Delaware corporation with its corporate headquarters located in New York, New York. Under said Merger Agreement the Company is scheduled to issue to the shareholders of Scanbuy 25,594,965 newly issued unregistered Common Shares which equal to the issued and outstanding shares of the Company as of May 19, 2003.

The above Merger Agreement is subject to approval of the transaction by the directors and shareholders of each of the Company and Scanbuy including an increase in the authorized number of shares of the Company to enable it to do the merge, and execution of appropriate employment and non-compete agreements. The parties anticipate closing the transaction on or before June 16, 2003. if the above merger takes place, that merger would result in a change of control of the Company, and as such the Company's management team may change as well as the location for its operations from Massachusetts to New York.

32

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On April 15, 2001 the Company entered into a revolving credit agreement with Atlantic Venture Management, LLC ("Atlantic") whereby the Company would advance or incur expenses on behalf of Atlantic up to \$20,000. The note bears interest at 6% and is due December 31, 2003. The balance due under this note receivable at December 31, 2001 was \$6,324. Stanley A. Young, the former Chief Executive Officer and current director and Michael Dewar the current Chief Operating Officer and director of the Company are also general partners of Atlantic.

On September 1, 2001 the Company entered into a revolving credit agreement with Mitigo, whereby the Company would advance or incur expenses on behalf of Mitigo up to \$600,000. The note bears interest at 6% and was due December 31, 2003. The balance due under this note receivable at December 31, 2001 was \$216,091. On January 11, 2002 the Company acquired all of the issued and outstanding shares of Mitigo (See Note 3 and 7 to the audited financial statements) and the loan has been eliminated as a result of the merger.

On January 31, 2001 the Company entered into a three year consulting agreement with Mercury Intertrade, LTD ("Mercury") whereby Mercury will provide

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

consulting services to negotiate and close contracts relating to wireless technology primarily in the Republic of South Africa. Mercury is owned by a relative of Michael Dewar the Chief Operating Officer and director of the Company.

During the year ended December 31, 2001 the Company advanced an aggregate of \$70,500 to the Chief Operating Officer and a relative of the Chief Operating Officer. These loans are non-interest bearing loans and there are no formal agreements or repayment terms for these loans. During the year ended December 31, 2002, \$50,000 was repaid to the Company and \$20,500 was charged off to consulting expenses for services rendered.

The Company has two line of credit agreements with Stanley A. Young, the former Chief Executive Officer and Chairman of the Board and a Company which he and Michael Dewar the current Chief Operating Officer are general partners. The total available under these agreements is \$320,000 with interest rates of 6% and due dates through December 31, 2003. The lenders may opt to convert all, or part of these loans into common stock of the Company (at the market price at the time of conversion), on or before the due dates. The balance outstanding under these note agreements at December 31, 2002 was \$168,473.

33

PART IV.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit Number	Document Description
-----	-----
3.1	Certificate of Incorporation of Origin Investment Group, Inc. as filed with the Maryland Secretary of State on April 6, 1999, incorporated by reference to the Company's Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on August 16, 1999.
3.3	Bylaws of Origin Investment Group, Inc., incorporated by reference to the Company's Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on August 16, 1999.
10.1	Acquisition Agreement between Origin Investment Group, Inc. and International Wireless, Inc. to acquire International Wireless, Inc. dated December 27, 2001, incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 17, 2002.
10.2	Acquisition Agreement to acquire Mitigo Inc. dated January 15, 2002, incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2002.
10.3	Lease Agreement dated January 8, 2001, incorporated by reference to the Company's Annual Report on Form 10-KSB for calendar year ended December 31, 2001 filed with the Securities and Exchange Commission on April 16, 2002.
10.4	Employment Agreement of Michael Dewar, Chief Operating

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Officer and member of the Board of Directors incorporated by reference to the Company's Annual Report on Form 10-KSB for calendar year ended December 31, 2001 filed with the Securities and Exchange Commission on April 16, 2002.

- 10.5 Employment Agreement of Jerry Gruenbaum, Secretary and General Counsel.
- 10.6 Licensing Agreement between Mitigo, Inc. and Cobblestone Software, Inc. dated January 10, 2002 incorporated by reference to the Company's Annual Report on Form 10-KSB for calendar year ended December 31, 2001 filed with the Securities and Exchange Commission on April 16, 2002.
- 21.1 Subsidiaries of the Company
- 99.1 Certification of Chief Operating Officer
- 99.2 Certification of Chief Financial Officer

34

(b) Reports on Form 8-K:

The Company filed a Form 8-K on January 17, 2002 relating to change of control of the Company due to acquisition of International Wireless, Inc. a Delaware corporation for 9,721,080 newly issued shares.

The Company filed a Form 8-K on January 31, 2002 relating to acquisition of Mitigo, Inc. a Delaware corporation for 4,398,000 newly issued shares, 2,998,006 at closing and 1,399,994 in escrow.

The Company filed a Form 8-K/A on March 12, 2002 relating to Form 8-K filed on January 17, 2002, correcting the amount of shares issued in the acquisition from 9,721,080 to 9,495,014.

The Company filed a Form 8-K/A on March 27, 2002 relating to Form 8-K filed on January 31, 2002, adding the audited financial statements for Mitigo, Inc. and Pro Forma financials for the combined companies.

The Company filed a Form 8-K on April 8, 2002 relating to the Company's entering into an employment Agreement with Graham Paxton as its future President and CEO effective May 1, 2002.

The Company filed a Form 8-K on April 12, 2002 relating to the resignation of Stanley A. Young as member of the Board of Directors and appointment of Ira Weiss as the new Chairman of the Board.

The Company filed a Form 8-K on April 25, 2002 relating to election of Adam Young to the Board of Directors.

The Company filed a Form 8-K on May 8, 2002 relating to Correction to Articles of Amendment filed with the State of Maryland to reflect change in par value for the Company's shares from \$0.001 to \$0.009.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

The Company filed a Form 8-K on June 21, 2002 relating to replacing its current certifying accountants Marcum & Kliegman LLP of New York, New York with William A. Meyler, CPA of Middletown, New Jersey.

The Company filed a Form 8-K on August 19, 2002 relating to Termination Agreement with Graham F. Paxton its then President and CEO effective August 1, 2002 by mutual consent.

35

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL WIRELESS INC.

(Registrant)

Date: 06/09/03

By: /s/ MICHAEL DEWAR

Michael Dewar
Chief Operating Officer

Date: 06/09/03

By: /s/ JERRY GRUENBAUM

Jerry Gruenbaum, Esq.
Secretary and General Counsel

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: 06/09/03

By: /s/ MICHAEL DEWAR

Michael Dewar
Chief Operating Officer and
Director

Date: 06/09/03

By: /s/ IRA W. WEISS, PH.D.

Ira W. Weiss, Ph.D.
Chairman of the Board

Date: 06/09/03

By: /s/ JERRY GRUENBAUM

Jerry Gruenbaum, Esq.
Secretary and General Counsel

Date: 06/09/03

By: /s/ STANLEY A. YOUNG

Stanley A. Young, Director

Date: 06/09/03

By: /s/ JOHN B. KELLY

John B. Kelly, Director

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001

MEYLER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
ONE ARIN PARK
1715 HIGHWAY 35
MIDDLETOWN, NJ 07748
732-671-2244

- F1 -

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Wireless, Inc.

We have audited the accompanying consolidated balance sheet of International Wireless, Inc. and Subsidiary (a Development Stage Company) as of December 31, 2002 and the related consolidated statements of operations, stockholders equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated balance sheets as of December 31, 2001 and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 2001 were audited by Marcum and Kliegman, LLP for which they expressed a qualified opinion in their report dated February 22, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Wireless, Inc. and Subsidiary as of December 31, 2002, and the results of its operations and its cash flows for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the

- F2 -

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Consolidated financial statements, the Company incurred a net loss of 4,705,692, and there are existing uncertain conditions that the Company faces relative to its capital raising activities. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Meyler & Company, LLC

March 1, 2003, except Not 17, to which the date is June 6, 2003
 Middletown, NJ

- F3 -

INTERNATIONAL WIRELESS, INC. (A Development Stage Company)

CONSOLIDATED BALANCE SHEET

ASSETS	December 31 -----	
	2002 ----	2001 ----
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,966	\$ 54,310
Marketable securities, at market value	-	93,279
Prepaid expenses	88,610	164,117
	-----	-----
Total Current Assets	113,576	311,706
PROPERTY AND EQUIPMENT, NET	812,590	74,300
OTHER		
Loans receivable, related parties	-	292,915
Security deposit	24,428	41,856
	-----	-----
Total Other assets	24,428	334,771
	-----	-----
	\$ 950,594	\$ 720,777
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 551,837	\$ 148,897
Accrued expenses	36,146	20,816
Accrued salaries	299,740	90,880
Accrued payroll taxes	121,103	-
Notes payable, related parties	168,473	146,830
Current portion of capital lease obligations	16,081	7,986
Loans payable	19,792	42,000
	-----	-----
Total Current Liabilities	1,213,172	457,409
OTHER LIABILITIES		
Capital lease obligations, less current portion	14,018	20,520
Total Liabilities		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.009 par value, 50,000,000 shares		

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

authorized; 23,249,442 and 10,715,904 at December 31, 2002 and 2001 respectively	209,245	96,443
Additional paid-in capital	8,612,489	4,682,116
Subscription receivable	-	(143,073)
Deficit accumulated during development stage	(9,098,330)	(4,392,638)
	-----	-----
Total Stockholders' Equity	(276,596)	242,848
	-----	-----
	\$ 950,594	\$ 720,777
	=====	=====

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

- F4 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Year Ended		Cumulative
	December 31,		January 1, 2001
			(Inception) to
			December 31,
	2002	2001	2002
	----	----	----
REVENUES	\$ 31,093	-	\$ 31,093
OPERATING EXPENSES	4,640,164	\$1,276,646	5,916,810
Operating loss	4,609,071	1,276,646	5,885,717
	-----	-----	-----
OTHER EXPENSE			
Interest expense, net	(3,342)	(8,854)	(12,196)
Unrealized loss on marketable securities	(93,279)	(1,571,778)	(1,665,057)
Loss on sale of marketable securities	-	(1,535,360)	(1,535,360)
	-----	-----	-----
Total Other Expenses	(96,621)	(3,115,992)	(3,212,613)
	-----	-----	-----
NET LOSS	\$ (4,705,692)	\$ (4,392,638)	\$ (9,098,330)
	=====	=====	=====
NET LOSS PER COMMON SHARE			
Basic and Diluted	\$ (0.29)	\$ (0.61)	\$ (1.00)
	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES			
OUTSTANDING	16,167,833	7,150,193	9,061,914
	=====	=====	=====

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

- F5 -

INTERNATIONAL WIRELESS, INC.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Period January 1, 2001 (Inception) to December 31, 2002

	Common Shares -----	Stock Amount -----	Paid-in Capital -----	Subscription Receivable -----
Issuance of shares in exchange for marketable securities	1,483,384	\$ 1,483	3,395,466	-
Issuance of common stock to consultants	155,496	156	355,931	-
Issuance of common stock options for services rendered	-	-	116,887	-
Issuance of common stock in connection with private placements, net of offering costs of \$24,727	461,178	461	1,030,907	(143,073)
Reverse Merger (Note 1) Exchange of International Wireless, common stock	(2,100,058)	(2,100)	2,100	-
Issuance of common stock to owners of International Wireless, Inc.	9,495,014	85,455	(85,455)	-
Outstanding common stock of Origin Investment Group	1,220,890	10,988	(133,720)	-
Net loss	-	-	-	-
	-----	-----	-----	-----
Balance December 31, 2001	10,715,904	96,443	4,682,116	(143,073)
Subscription receipts	-	-	-	143,073
Conversion of notes payable to common stock at \$0.34 to \$0.46 per share under a private placement offering	99,900	899	41,101	-
Conversion of related party debt to common stock at \$0.10 per share	1,550,414	13,954	146,195	-
Issuance of common stock in connection with private placement	5,863,928	52,775	638,997	-
Issuance of common stock for exercise of warrants at \$0.43 per share	890,832	8,018	377,965	-
Issuance of common stock for exercise of stock options at \$0.40 per share	510,107	4,591	199,459	-
Issuance of common stock to consultants at \$0.15 to \$1.50 per share	620,351	5,583	358,962	-
Issuance of common stock options for services rendered	-	-	1,542,310	-
Issuance of common stock to acquire Mitigo software at \$0.2176 per share	2,998,006	26,982	625,384	-
Net loss for year ended December 31, 2002	-	-	-	-
	-----	-----	-----	-----
	23,249,442	\$209,245	\$8,612,489	-
	=====	=====	=====	=====

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

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

- F6 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year December 31,	
	----- 2002 ----	2001 ----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (4,705,692)	\$ (4,392,638)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	25,746	12,865
Amortization of intangible asset	178,975	-
Prepaid consulting amortization	83,067	-
Conversion of loan receivable to consulting expenses	20,500	-
Loan receivable write off	6,324	-
Unrealized loss on marketable securities	93,279	1,571,778
Loss on sale of marketable securities	-	1,535,360
Stock based compensation	1,906,855	472,974
Changes in operating assets and liabilities:		
Increase in prepaid expenses	(7,560)	(164,117)
Decrease (increase) in security deposits	17,428	(41,856)
Increase in accounts payable	372,535	148,897
Increase in accrued expenses	15,330	20,816
Increase in accrued salaries	208,860	1,538
Increase in accrued payroll taxes	121,103	-
Total adjustments	----- 3,042,442 -----	----- 3,558,255 -----
NET CASH USED IN OPERATING ACTIVITIES	(1,663,250)	(834,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(37,949)	(41,076)
Repayment of loans receivable, related parties	50,000	-
Proceeds from sale of marketable securities	-	202,892
Advances under loans receivable to related parties	-	(302,915)
NET CASH PROVIDED (USED IN) INVESTING ACTIVITIES	----- 12,051 -----	----- (141,099) -----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from notes payable, related parties	201,584	146,830
Payments, increased obligations on capital lease obligations	(4,607)	(5,333)
Net proceeds from issuance of common stock	1,424,878	888,295
NET CASH PROVIDED BY FINANCING ACTIVITIES	----- 1,621,855 -----	----- 1,029,792 -----
NET (DECREASE) INCREASE IN CASH AND CASH		

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

EQUIVALENTS	(29,344)	54,310
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	54,310	-
	-----	-----
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 24,966	\$ 54,310
	=====	=====

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

- F7 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the Year Ended December 31,		Janu
	2002	2001	In
	----	----	D
SUPPLEMENTAL DISCLOSURE OF CASH FLOW			
INFORMATION Cash paid during the year for:			
Interest	\$ 3,342	\$ 11,728	\$
	=====	=====	=
Non-cash investing and financing activities:			
Equipment acquired through capital leases	\$ 6,200	\$ 33,839	\$
	=====	=====	=
Issuance of shares in exchange for marketable securities	-	\$3,396,949	\$
	=====	=====	=
Subscription receivable in connection with issuance of common stock	\$ (143,073)	\$ 143,073	\$
	=====	=====	=
Assets and liabilities acquired in connection with Merger (Note 1):			
Marketable securities		\$ 6,360	\$
Property and equipment		12,250	
Loans payable, related party		(10,000)	
Accounts payable and accrued expenses		(89,342)	
Loans payable		(42,000)	
		-----	-
Net recapitalization in connection with merger		\$ (122,732)	\$
		=====	=
Acquisition of Mitigo, Inc. and allocation of purchase price:			
Property and equipment	\$ 3,989	-	\$
Software	894,873	-	
Liabilities assumed	(246,496)	-	
	-----		-
	\$ 652,366	-	\$
	=====		=

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

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

-F8 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2002 and 2001

NOTE 1 DESCRIPTION OF BUSINESS, GOING CONCERN UNCERTAINTY AND MANAGEMENT'S PLANS

The Company and Nature of Business

International Wireless, Inc. (the "Company") was incorporated on September 27, 2000 in the State of Delaware. The Company intends to acquire software companies involved in wireless technology. During the period September 27, 2000 (Incorporation) through December 31, 2000 the company did not have any activity. Since January 2001, the Company's efforts have been devoted to raising capital and seeking out companies to acquire. Accordingly, through the date of these financial statements, the Company is considered to be in the development stage and the accompanying financial statements represent those of a development stage enterprise.

Reverse Merger

On December 27, 2001, Origin Investment Group, Inc. ("Origin") acquired all of the Company's outstanding common stock by the issuance of 9,495,014 shares of \$0.009 par value common stock the (the "Merger"). Simultaneously, Origin changed its name to International Wireless, Inc. and effected a one-for-nine reverse stock split, which reduced Origin's outstanding shares of common stock from 10,985,565 to 1,220,890. In connection with the Merger, the Company became a wholly owned subsidiary of Origin and the Company's officers and directors replaced Origin's officers and directors. Prior to the Merger, Origin was a non-operating "shell" corporation. Pursuant to Securities and Exchange Commission rules, the Merger of a private operating company (International Wireless, Inc.) into a non-operating company (International Wireless, Inc.) into a non-operating public shell corporation with nominal net assets (Origin) is considered a capital transaction. Accordingly, for accounting purposes, the Merger has been treated as an acquisition of Origin by the Company and a recapitalization of the Company. The historical financial statements prior to December 27, 2001 are those of the company. Since the Merger is a recapitalization of the Company and not a business combination, proforma information is not presented. In September and October 2001, a relative of the Chief Operating Officer of the Company acquired approximately 49% of Origin.

- F9 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

DECEMBER 31, 2002 and 2001

NOTE 1 DESCRIPTION OF BUSINESS, GOING CONCERN UNCERTAINTY AND MANAGEMENT'S PLANS (CONTINUED)

Going Concern Uncertainty and Management's Plans

As shown in the accompanying financial statements, the Company incurred a net loss of \$4,705,692 and \$4,392,638 during the years ended December 31, 2002 and 2001 resulting in a deficit accumulated during the development stage of \$9,098,330. Management's plans include the raising of capital and seeking out companies to acquire. On January 11, 2002 the Company acquired Mitigo, Inc. ("Mitgo"). Failure to raise capital or generate revenue through the Mitigo acquisition may result in the Company depleting its available funds, being able to fund its investment pursuits and cause it to curtail or cease operations. Additionally, even if the company does raise sufficient capital or generate revenue through Mitigo, there can be no assurances that the net proceeds or the revenue will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations.

These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Consolidated Financial Statements

The consolidated financial statements include the Company and its wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

- F10 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company accounts for income taxes using the liability method, which requires the determination of deferred tax assets and

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

liabilities based on the differences between the financial and tax bases of assets and liabilities using enacted tax rates in effect for the year in which differences are expected to reverse. Deferred tax assets are adjusted by a valuation allowance, if , based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

At December 31, 2002, the Company has net operating loss carryforwards of approximately \$5,053,000 which expire through 2022. Based on the fact that the Company has generated operating losses since inception, a deferred tax asset of approximately \$1,100,000 has been offset by a valuation allowance of \$1,100,000. At December 31, 2001, Origin also had net operating loss carryforwards. However, pursuant to Section 382 of the Internal Revenue Code these carryforwards are eliminated.

Property and Equipment and Depreciation

Property and equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations.

Net Loss Per Common Share

The Company computes per share amounts in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share". SFAS per share ("EPS") and requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common

- F11 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

Net Loss Per Common Share (Continued)

Stock equivalents outstanding during the periods. The effect of the Merger has been given retroactive application in the net loss per share calculation. Common stock equivalents have been excluded from the weighted average shares outstanding calculation, as inclusion is anti-dilutive.

Use of Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent asset 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

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

from those estimates.

Stock-Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation" prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires employee compensation expense to be recorded (1) using the fair value method or (2) using the intrinsic value method as prescribed by accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB25") and related interpretations with pro forma disclosure of what net income and earnings per share would have been had the Company adopted the fair value method. The Company accounts for employee stock based compensation in accordance with the provisions of APB 25. For non-employee options and warrants, the company uses the fair value method as prescribed in SFAS 123.

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" requires that the Company disclose estimated fair values of financial instruments. The carrying

- F12 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

Fair Value of Financial Instruments (Continued)

amounts reported in the statement of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS NO. 141, "Business Combinations". SFAS No. 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method.

In July 2001, the FASB issued SFAS NO. 142, "Goodwill and Other Intangible Assets", which will become effective for the Company in 2002. SFAS No. 142 requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairment of goodwill.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 changes the accounting for long-lived assets to be held and used by eliminating the requirement to allocate goodwill to long-lived assets to be tested for impairment, by providing a probability weighted cash flow

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of possible future cash flows and by establishing a primary-asset approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for long-lived assets to be held and used. SFAS No. 144 changes the accounting for long-lived assets to be disposed of other than by sale by requiring that the depreciable life of a long-lived asset to be abandoned be revised to reflect a shortened useful life and by requiring the impairment loss to be recognized at the date a long-lived asset is exchanged for a similar productive asset or distributed to owners in a spin-off if the carrying amount of the asset exceeds its fair value. SFAS No 144 changes the accounting for long-lived assets to be disposed of by sale by requiring that discontinued operations no longer be recognized in a net realizable value basis (but at

- F13 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

New Accounting Pronouncements (Continued)

the lower of carrying amount or fair value less costs to sell), by eliminating the recognition of future operating losses of discontinued components before they occur and by broadening the presentation of discontinued operations in the income statement to include a component of an entity rather than a segment of a business. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally, and for financial reporting purposes, from the rest of the entity.

The Company has adopted SFAS No. 144 effective January 2, 2002. The adoption of the new statement will not have a significant impact on the Company's financial statements.

NOTE 3 ACQUISITION OF MITIGO, INC.

On January 11, 2002, the company acquired 100% of the issued and outstanding stock of Mitigo, Inc. ("Mitigo") for an aggregate purchase price of 4,398,000 shares of the company's common stock to be issued to the stockholders of Mitigo ("Sellers"). An aggregate of 2,998,006 shares were issued to the sellers at closing and 1,399,994 shares are held in escrow. These escrow shares will be released to the Sellers pursuant to a formula based upon net income for 2002 and 2003, as defined in the agreement. Any escrow shares not released to the Sellers, will be returned to the Company.

The allocation of the purchase price was as follows:

Value of 2,998,006 shares of common stock at \$1.76(1)per share	\$5,267,491
Less: Write down of fair value due to impairment of Company's publicly traded stock price at December 31, 2002(2)	4,624,125

Adjusted purchase price	\$ 652,366

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Fair value of net assets allocated as follows:	
Property and equipment	\$ 3,989
Software (3)	894,873
Liabilities assumed	(246,496)

	\$ 652,366
	=====

- F14 -

 (1) Based upon average of five day close price from acquisition date (2) Based upon average of five day close price at December 31, 2002 (3) Software is being amortized over 5 years.

INTERNATIONAL WIRELESS, INC.
 (A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2002 and 2001

NOTE 4 RELATED PARTY, CONSULTING FEES

On January 31, 2001 the Company entered into a three year consulting agreement with Mercury Intertrade, LTD ("Mercury") whereby Mercury will provide consulting services to negotiate and close contracts relating to wireless technology primarily in the Republic of South Africa. Mercury is owned by a relative of the Chief Operating Officer of the Company. Consulting fees paid in cash and issuance of marketable securities to Mercury during the year ended December 31, 2001 and amounted to \$113,247.

NOTE 5 MARKETABLE SECURITIES

Companies are required to classify each of their investments into one of three categories, with different accounting for each category. At December 31, 2001, management has classified all their equity securities consisting of shares of common stock of one marketable equity security, as available-for-sale securities, which are reported at fair market value. Unrealized losses in the amount of \$1,571,778 on these securities have been recorded in the consolidated statement of operations as an other-than-temporary decline of marketable securities. Gains or losses on the sale of securities are recognized on a specific identification basis. The Company's investment in marketable securities is summarized as follows:

	December 31,	
	----- 2002	2001 -----
Balance - at cost	\$ 93,279	\$ 1,665,057
Unrealized losses	(93,279)	\$(1,571,778)
	-----	-----
Balance - at fair value	\$ -	\$ 93,279
	=====	=====

For the year ended December 31, 2001 there were also realized losses of \$1,535,360 on the sale and exchange of available-for-sale

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

securities.

- F15 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at December 31, consist of the following:

	2002	2001	Estimated Useful Lives
	-----	-----	-----
Furniture and fixtures	\$ 20,438	\$15,085	7 years
Equipment and software	975,875	55,045	5 years
Leashold improvements	33,862	17,035	4 years
	-----	-----	
	1,030,175	87,165	
Less: accumulated amortization and depreciation	(217,585)	(12,865)	
	-----	-----	
Property and Equipment, Net	\$ 812,590	\$74,300	
	=====	=====	

Depreciation and amortization expense for the year ended December 31, 2002 and 2001 was \$204,721 and \$12,865 respectively.

NOTE 7 LOANS RECEIVABLE, RELATED PARTIES

Loans receivable, related parties consist of the following at December 31, 2001.

Loans Receivable - Mitigo, Inc.

On September 1, 2001 the Company entered into a revolving credit agreement with Mitigo, whereby the Company would advance or incur expenses on behalf of Mitigo up to \$600,000. The note bears interest at 6% and was due December 31, 2003. The balance due under this note receivable at December 31, 2001 was \$216,091. On January 11, 2002 the Company acquired all of the issued and outstanding shares of Mitigo (See Note 3) and the loan has been eliminated as a result of the merger.

Loans Receivable - Atlantic Venture Management, LLC

On April, 15, 2001 the Company entered into a revolving credit

- F16 -

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

Loans Receivable - Atlantic Venture Management, LLC (Continued)

agreement with Atlantic Venture Management, LLC ("Atlantic") whereby the Company would advance or incur expenses on behalf of Atlantic up to \$20,000. The note bears interest at 6% and is due December 31, 2003. The balance due under this note receivable at December 31, 2001 was \$6,234. The Chief Executive Officer and Chief Operating Officer of the Company are also general partners of Atlantic. During the year ended December 31, 2002, the balance was deemed uncollectible.

Loans Receivable - Other Related Parties

During the year ended December 31, 2001 the Company advanced an aggregate of \$70,500 to the Chief Operating Officer and a relative of the Chief Operating Officer. These loans are non-interest bearing loans and there are no formal agreements or repayment terms for these loans. During the year ended December 31, 2002, \$50,000 was repaid to the Company and \$20,500 was charged off to consulting expense for services rendered.

NOTE 8 LOANS PAYABLE

In connection with the Merger with Origin, the Company assumed an aggregate of \$42,000 in the form of short term bridge loans from three accredited investors. These bridge loans varied in duration between sixty and ninety days and bear interest at 12% per annum. As of December 31, 2001 these loans were past due. During the first quarter of the year 2002, the notes were converted into the Company's common stock for the original loan value plus account interest.

NOTE 9 NOTES PAYABLE, RELATED PARTIES

The Company has two lines of credit agreements with the Chief Executive Officer and a Company which the Chief Executive Officer and a Chief Operating Officer are general partners. The total available under these agreements is \$320,000 with interest rates of 6% and due dates through December 31, 2003. The lenders may opt to convert all, or part of these loans into common stock of the company (at the market price at the time of conversion), on or before the due dates. The balance outstanding under these note agreements at December 31, 2002 and 2001 was \$42,928 and \$146,830.

- F17 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 and 2001

NOTE 9 NOTES PAYABLE, RELATED PARTIES (CONTINUED)

Additionally, at December 31, 2002, the Company has a note payable to the former President of the Company for \$125,545.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

NOTE 10 CAPITAL LEASE OBLIGATIONS

During the year ended December 31, 2001 the Company obtained various equipment under capital leases expiring through January 2006. The assets and liabilities under these capital leases are recorded at the lower of the present values of the minimum lease payments or the fair values of the assets. The assets are included in property and equipment and are depreciated over their estimated useful lives.

As of December 31, 2002, minimum future lease payments under these capital leases are:

	For the Years Ending December 31, -----	Amount -----
	2003	\$20,182
	2004	9,768
	2005	5,660
	2006	88
Total minimum lease payments (forward)		\$35,698 =====

	For the Year Ended December 31, -----	
	2002	2001
Total minimum lease payments (forward)	\$35,698	\$34,803
Less: amounts representing interest	(5,599)	(6,297)
	-----	-----
Net minimum lease payments	30,099	28,506
Less: current portion	16,081	7,986
	-----	-----
Long-term portion	\$14,018 =====	\$20,520 =====

- F18 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 STOCKHOLDERS' EQUITY

On January 31, 2001, the Company issued 1,483,384 shares (6,706,839 post-Merger equivalent shares) of common stock to its Chief Executive Officer, and other investors, in exchange for shares of common stock of Telehublink Inc., a publicly traded entity ("Telehublink"). These common shares issued by the company have been valued at \$3,396,949 representing the fair value of the shares of Telehublink received by the Company. During the year ended December 31, 2001, prior to the

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

Merger the Company issued 461,178 shares (2,085,129 post-Merger equivalent shares) of common stock in private placement transaction resulting in proceeds (excluding a subscription receivable of \$143,073) net of transaction costs of \$24,727 of \$888,295. During the year ended December 31, 2001, prior to the Merger, the Company issued 155,496 shares (703,046 post-Merger equivalent shares) of common stock to consultants for services provided to the Company and recorded \$356,087 in stock based compensation.

During the year ended December 31, 2002, \$42,000 of loans payable at December 31, 2001 were converted into the Company's common stock under a private placement for 49,900 shares and the exercise of 50,000 warrants.

During the year ended December 31, 2002, \$160,149 of notes payable, related parties was converted into 1,550,414 shares of common stock under the Company's private placement offering.

During the year ended December 31, 2002, 5,863,928 shares of common stock were issued for \$691,772 in connection with a private placement offering.

During the year ended December 31, 2002, 620,351 shares of the Company's common stock were issued to consultants for services rendered at a value of \$364,545.

During the year ended December 31, 2002, 890,832 common stock warrants were exercised for \$385,983 at prices ranging from \$0.00 to \$0.00 per share.

During the year ended December 31, 2002, 510,107 shares of common stock were issued for the exercise of stock options for a consideration of \$204,050. The options were exercised at a range of \$0.00 to \$0.00 per share.

- F19 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 STOCKHOLDERS' EQUITY (CONTINUED)

In connection with the acquisition of Mitigo, Inc. on January 11, 2002, 2,998,006 shares of common stock were issued for \$5,267,491 representing the fair value of the Company's common stock at the date of issuance and subsequently adjusted to \$652,366 as a result of the impairment of the Company's publicly traded stock price.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Office Lease

On January 8, 2001, the Company entered into a noncancelable operating lease for office space which commenced on May 1, 2001 and expires on July 31, 2005 and on May 2, 2002 amended the lease for additional office space. The Company has paid a security deposit of \$41,856 equivalent to six months of rent. The Company has elected to reduce the amount of security deposit to \$20,928 under the terms of the lease

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

agreement. At December 31, 2002, the Company is in arrears \$48,000 and has agreed in February 2003 to offset the arrearages with the security deposit and the letter of credit which was established for the additional lease renovations.

Minimum fixed rental payments are as follows:

For the Year Ending December 31, -----	Amount -----
2003	\$171,132
2004	171,132
2005	85,566

Total	\$427,830 =====

Rent expense for the year ended December 31, 2002 and 2001 was \$116,868 and \$71,535, respectively.

- F20 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employment Agreements

The Company has entered into five employment agreements with employees and officers of the Company whereby the Company will pay a minimum total salary of \$942,500 per annum plus bonus, annual increases and stock options. These employment agreements terminate through December 2004, however they will automatically renew annually thereafter unless terminated by the employee or the Company.

NOTE 13 STOCK OPTIONS

Effective December 27, 2001, the Company granted qualified stock options to purchase 1,607,500 shares (representing post-Merger shares) of the Company's common stock to employees and consultants with exercise prices ranging from \$0.40 to \$0.46 per share. These options vest between one and three years and expire from one to five years from issuance date. The options issued to employees have an intrinsic value of \$1,517,000. The options issued to consultants had a fair value of \$435,000, calculated using the Black-Scholes options pricing model.

During the year ended December 31, 2002, the Company granted additional options (net of cancellations) to employees and consultants with exercise prices ranging from \$0.15 to \$1.44 per share. The option vest between one and three years and expire from one to five years from issuance date. The options issued to employees have an intrinsic value of \$4,560. The options issued to consultants had a fair value of

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

\$150,048 calculated using the Block-Scholes options pricing model.

The options will be amortized over their respective vesting period which commence in 2002.

During the year ended December 31, 2001, prior to the Merger, the Company issued non-qualified options to purchase 50,000 shares of the Company's common stock to employees and consultants with an exercise

- F21 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 STOCK OPTIONS (CONTINUED)

price of \$0.01 per share. These options vest over one year and have no expiration date. Compensation expense for the year ended December 31, 2001 relating to these options amounted to \$116,887. On December 27, 2001, the date of the Merger, these 50,000 options were recapitalized into 226,066 options to purchase the public entity's common stock.

During the year ended December 31, 2002, the Company issued an additional 197,666 non-qualified stock options to employees at an exercise price of \$0.01 per share. These options vest over one year and have no expiration date. Compensation expense was not provided for these options since the options were issued to compensate for a reduction in salary.

For the year ended December 31, 2002, the Company has amortized stock based compensation established in 2002 and 2001. The amount included in the financial statement for the year ended December 31, 2002 and 2001 is \$1,542,310 and \$116,887.

Pro forma information regarding net loss and net loss per share is required by SFAS 123, and has been determined as if the company had accounted for its employee stock options under the fair value method of SFAS 123. The Black-Scholes option-pricing model with the following weighted-average assumptions are as follows:

	December 31,	
	2002	2001
	----	----
Assumptions		

Risk-free rate	1.99-4.16	2.26 - 5.43%
Dividend yield	N/A	N/A
Volatility factor of the expected market price of the Company's common stock	45.37	298%
Average life	4	5 years

- F22 -

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 STOCK OPTIONS (CONTINUED)

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the options. Accordingly, there is no difference between actual and proforma results during the years ended December 31, 2002 and 2001.

Stock option activity is summarized as follows:

Qualified Stock Options

	Number of options Outstanding	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
Balance January 1, 2001	-			
Option granted (representing post-merger shares)	1,607,500			
Balance December 31, 2001	1,607,500	\$0.46		
Granted	1,774,000	\$0.72		
Exercised	(487,500)	\$0.42		
Cancelled	(792,500)	\$0.75		
Balance December 31, 2002	2,101,500	\$0.52	804,655	\$0.54

Non Qualified Stock Options

Balance January 1, 2001	-			
Granted	226,066	\$0.01		
Balance December 31, 2001	226,066	\$0.01		
Granted	937,666	\$0.08		
Exercised	(22,607)	\$0.01		
Cancelled	(740,000)	\$0.10		
Balance December 31, 2002	401,125	\$0.01	401,125	\$0.01
Total Qualified and Non Qualified Options Outstanding	2,502,625			

- F23 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

NOTE 14 WARRANTS

In connection with the Merger on December 27, 2001, the Company assumed an aggregate of 1,614,482 warrants which were issued by Origin prior to the Merger. These warrants have exercise prices ranging from \$0.10 to \$13.50, are fully vested, and expire on February 10, 2006.

Transactions involving warrants are summarized as follows:

Balance - January 1, 2001	
Warrants assumed in the Merger (representing post-Merger shares)	1,614,482

Balance - December 31, 2001	1,614,482
Warrants exercised for cash	(890,832)
Warrants exercised for debt conversion	(50,000)
Warrants cancelled	(429,166)
Adjustment for reverse merger	(81,602)

Balance December 31, 2002	162,882
	=====

The following table summarized information concerning warrants outstanding at December 31, 2002:

Exercise Price	Number Outstanding	Average Remaining Contractual Live	Number Exercisable	Weighted Average Exercise Price
-----	-----	-----	-----	-----
\$ 0.40	21,534	5 years	21,534	\$ 0.40
\$ 0.75	5,332	4 years	5,332	\$ 0.75
\$ 1.50	114,999	4 years	114,999	\$ 1.50
\$ 2.70	4,166	4 years	-	\$ 2.70
\$ 3.60	8,333	4 years	-	\$ 3.60
\$13.50	8,518	4 years	-	\$13.50

These warrants are subject to a clause whereby the warrants are not exercisable until the Company sends the warrant holders written confirmation that the five consecutive trading day average closing bid price equals or exceeds 150% of the value of the exercise price of the warrants. The warrant holders shall have 10 business days to exercise the entire amount of the warrants pursuant to the agreement; should the warrant holders fail to exercise, the number of warrants outstanding as well as the exercise price are subject to adjustment.

- F24 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 PRIVATE PLACEMENT OFFERING

The Company, in 2002, did a private placement offering on a "min/max"

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

basis of a minimum of \$500,000 or 5,000,000 shares up to a maximum of \$15,000,000 shares of common stock having a par value of \$0.009 per share at \$0.10 per share. Approximately half of the minimum will be met by converting pre-existing cash loans to the company's equity. Thus, no proceeds were held in an escrow account and all funds will be immediately available to the Company. During the year ended December 31, 2002, 5,913,928 shares were issued under the private placement in an exchange for cash and loan conversions aggregating \$711,772.

NOTE 16 LITIGATION

On November 20, 2001, a judgement 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 Greig 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 had adequate defenses.

NOTE 17 SUBSEQUENT EVENTS

Litigation

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

- F25 -

INTERNATIONAL WIRELESS, INC.
(A Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Litigation (Continued)

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.

Edgar Filing: INTERNATIONAL WIRELESS INC - Form 10KSB

On March 31, 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. See Note 12 to the Financial Statements.

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 a total of \$60,138 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 totalling an additional \$186,350 for which the Company totally disputes.

Merger

On May 30, 2003, the Company entered into a reverse merger agreement with Scanbuy, Inc. (hereinafter "Scanbuy") a Delaware corporation with its corporate headquarters located in New York, New York. Under said merger agreement, the Company is scheduled to issue to the shareholders of Scanbuy 25,594,965 newly issued unregistered common shares which equal to the issued and outstanding shares of the Company as of May 19, 2003. The merger agreement is subject to approval by the directors and shareholders of the Company and Scanbuy including an increase in the authorized number of shares of the Company to enable it to do the merger and the execution of appropriate employment and non-compete agreements. The parties anticipate closing the transaction on or before June 16, 2003.