

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

SPEEDCOM WIRELESS CORP
Form 10QSB/A
November 16, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB/A

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDING JUNE 30, 2001
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0-21061

SPEEDCOM WIRELESS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) 58-2044990 (I.R.S. EMPLOYER IDENTIFICATION NO.)

7020 PROFESSIONAL PARKWAY EAST
SARASOTA, FL 34240
(941) 907-2300
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) Yes No, and (2) has been subject to such filing requirements for the past 90 days Yes No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the last practicable date: July 27, 2001 - 9,648,113 common shares, \$.001 par value.

Transitional small business disclosure format (check one): Yes No

SPEEDCOM WIRELESS CORPORATION

FORM 10-QSB/A FOR THE PERIOD ENDED JUNE 30, 2001

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Balance Sheets as of June 30, 2001 and December 31, 2000	3
Statements of Operations for the three and six months ended June 30, 2001 and 2000	4
Statements of Cash Flows for the six months ended	

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

June 30, 2001 and 2000	5
Notes to Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
PART II. OTHER INFORMATION	
Item 2. Recent Sales of Unregistered Securities	21
Item 4. Submission of Matters to a Vote of Security Holders	22
Item 6. Exhibits and Reports on Form 8-K	22
Signatures	22
Exhibit Index	23

2

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPEEDCOM WIRELESS CORPORATION BALANCE SHEETS

	June 30, 2001
	----- (unaudited)
Assets	
Current assets:	
Cash	\$ 89,256
Accounts receivable, net of allowances of \$456,411 and \$296,330 in 2001 and 2000, respectively	2,403,788
Leases receivable	722,166
Inventories, net	1,323,078
Prepaid expenses and other current assets	688,685
Net assets held for sale	38,966

Total current assets	5,265,939
Accounts receivable	--
Property and equipment, net	1,124,173
Leases receivable	869,602
Other assets, net	168,080
Investments	89,370
Intellectual property	1,239,988

Total assets	\$ 8,757,152
	=====
Liabilities, redeemable preferred stock and stockholders' equity	
Current liabilities:	
Accounts payable	\$ 1,574,844
Accrued expenses	942,663
Current portion of loans from stockholders	2,592,564
Current portion of deferred revenue	89,580

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Current portion of notes and capital leases payable	119,604

Total current liabilities	5,319,255
Loans from stockholders, net of current portion	--
Deferred revenue, net of current portion	27,492
Notes and capital leases payable, net of current portion	30,992
Common stock to be issued	96,000

Total liabilities	5,473,739
Redeemable preferred stock, 10,000,000 shares authorized, 955,146 and 0 shares issued and outstanding in 2001 and 2000, respectively	922,231
Stockholders' equity:	
Common stock, \$.001 par value, 30,000,000 shares authorized, 9,533,113 and 9,289,529 shares issued and outstanding in 2001 and 2000, respectively	9,533
Additional paid-in capital	11,539,384
Accumulated deficit	(9,187,735)
Notes receivable - related party	--

Total stockholders' equity	2,361,182

Total liabilities, redeemable preferred stock and stockholders' equity	\$ 8,757,152
	=====

See accompanying notes.

3

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30,		Si
	2001	2000	2
	-----		-----
Net revenues	\$ 4,035,298	\$ 2,154,383	\$ 8,
Operating costs and expenses:			
Cost of goods and services	2,348,202	1,238,973	4,
Salaries and related	1,695,971	888,842	3,
General and administrative	1,224,808	248,763	2,
Selling expenses	431,356	242,375	
Provision for bad debt	185,400	24,478	
Depreciation and amortization	152,197	15,000	
	-----	-----	-----
	6,037,934	2,658,431	11,
	-----	-----	-----
Loss from operations	(2,002,636)	(504,048)	(3,
Other (expense) income:			
Interest expense, net	(677,156)	(6,733)	(
Other income, net	3,406	10,257	

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Net loss before extraordinary items	(673,750) (2,676,386)	3,524 (500,524)	(3,524) (3,176,908)
Extraordinary loss from early extinguishment of debt	(346,373)	--	(346,373)
Net loss	\$ (3,022,759)	\$ (500,524)	\$ (3,523,283)
Net loss before extraordinary items per common share:			
Basic and diluted	\$ (0.28)	\$ (.06)	\$ (0.22)
Net loss per common share:			
Basic and diluted	\$ (0.32)	\$ (.06)	\$ (0.26)
Shares used in computing basic and diluted net loss before extraordinary items per common share and net loss per common share	9,497,426	7,977,218	9,497,426

See accompanying notes.

4

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2001	2000
Operating activities		
Net loss	\$ (4,192,312)	\$ (678,700)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	259,397	30,000
Provision for bad debt	187,074	24,470
Provision for inventory obsolescence	14,768	11,000
Common stock issued for services	206,450	5,000
Amortization of original issue discount	405,856	--
Extraordinary charge for early extinguishment of debt	283,556	--
Changes in operating assets and liabilities:		
Restricted cash	--	35,670
Accounts receivable	(1,617,297)	(487,140)
Leases receivable	(179,222)	--
Inventories	1,016,394	(534,180)
Prepaid expenses and other current assets	134,739	(154,140)
Intellectual property	(360,000)	--
Other assets	(22,051)	(3,220)
Accounts payable and accrued expenses	(165,641)	331,870
Deferred revenue	(23,116)	(22,860)
Net cash used in operating activities	(4,051,405)	(1,442,240)

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Investing activities		
Purchases of equipment	(401,962)	(478,47)
Net cash used in investing activities	(401,962)	(478,47)
Financing activities		
Net payments from factor	--	(111,73)
Net proceeds from sale of common stock and warrants	3,731	2,476,35
Proceeds from loans from stockholders	6,560,000	(45,63)
Proceeds from issuance of notes and capital leases	12,206	40,00
Payments of loans from stockholders, notes and capital leases	(2,260,380)	(218,29)
Purchase of treasury stock	--	(223,51)
Net cash provided by financing activities	4,315,557	1,917,17
Net decrease in cash	(137,810)	(3,53)
Cash at beginning of period	227,066	108,56
Cash at end of period	\$ 89,256	\$ 105,02

See accompanying notes.

5

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
(unaudited)

	Six Months Ended June 30,	
	2001	2000
Supplemental disclosure of noncash activities		
Conversion of accounts receivable to lease receivable	\$1,333,000	--
Conversion of accounts payable to notes payable	\$ 558,442	--
Conversion of accounts payable to redeemable preferred stock	\$ 25,000	--
Common stock issued for services	\$ 206,450	\$ 5,000
Common stock issued for note	--	\$95,000
Common stock issued for intellectual property	\$ 972,500	--
Conversion of debt to common stock	\$ 40,000	--
Conversion of debt to redeemable preferred stock	\$1,473,305	--

See accompanying notes.

6

SPEEDCOM WIRELESS CORPORATION
NOTES TO FINANCIAL STATEMENTS
(unaudited)

1. Business

SPEEDCOM Wireless Corporation (SPEEDCOM or the Company) was incorporated in

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Florida on March 16, 1994 and reincorporated in Delaware on September 26, 2000. The Company manufactures and installs custom broadband wireless networking equipment for business and residential customers internationally. Through its Wave Wireless Networking division, the Company manufactures a variety of broadband wireless products, including the SPEEDLAN family of wireless Ethernet bridges and routers. Internet service providers, telephone company operators and private organizations in over 60 countries use SPEEDCOM products to provide "last-mile" wireless connectivity between multiple buildings at speeds up to 155 Megabits per second and distances up to 25 miles. SPEEDCOM Wireless Corporation is an ISO 9001 registered company.

2. Basis of Presentation

On September 26, 2000, SPEEDCOM Wireless International Corporation merged with LTI Holdings, Inc. (LTI). The parties renamed the combined company SPEEDCOM Wireless Corporation and continued the business of SPEEDCOM Wireless International Corporation (Old SPEEDCOM).

Since LTI was a non-operating shell company, the merger was treated as a recapitalization of the Company for accounting purposes. As a result, the Company recorded the transaction as the issuance of common stock for the net monetary assets of LTI (principally cash), accompanied by a recapitalization of equity. The Company recorded a net increase in equity of \$1,215,937, which represented the total net assets of LTI. The Company has recorded the transaction to reflect the shares outstanding under the current structure. There has been no change in the basis under which the assets and liabilities of the Company are recorded. Accordingly, except as specifically noted to the contrary, (1) the financial information herein that predates the merger consists of information about Old SPEEDCOM, and (2) all references to SPEEDCOM or the Company refer to Old SPEEDCOM before the merger and to the combined company after the merger. The financial statements presented in this Form 10-QSB/A reflect the financial position of the remaining legal entity, LTI, which subsequently changed its name to SPEEDCOM Wireless Corporation. All shares, options and warrants issued by SPEEDCOM prior to the merger have been retroactively restated for all periods presented.

The accompanying financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules

7

and regulations. The accompanying financial statements should be read in conjunction with the Company's annual financial statements and notes thereto included in the Company's Form 10-KSB.

In the opinion of management, the financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for those periods presented. Operating results for the six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

3. Inventories

A summary of inventories at June 30, 2001 and December 31, 2000 is as follows:

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

	2001	2000

	(unaudited)	
Component parts	\$ 768,488	\$1,156,966
Completed assemblies	554,590	1,231,317

	\$1,323,078	\$2,388,283
	=====	

4. Net Assets Held for Sale

A summary of net assets that were held for sale by the Company as of June 30, 2001 is as follows:

	2001

	(unaudited)
Cash	\$ 4,749
`Accounts receivable, net of allowances of \$5,857	68,218
Inventories, net	34,043
Prepaid expenses and other current assets	5,329
Property and equipment, net	62,288
Accounts payable	(26,340)
Accrued expenses	(81,454)
Notes and capital leases payable	(27,867)

Net assets held for sale	\$ 38,966
	=====

The net assets listed above represent the property of the InstallGuys division of SPEEDCOM.

8

5. Property and Equipment

A summary of property and equipment at June 30, 2001 and December 31, 2000 is as follows:

	2001	2000

	(unaudited)	
Computer and office equipment	\$1,106,120	\$ 822,006
Automobiles	26,063	51,737
Leasehold improvements	98,665	86,207
Furniture and fixtures	138,617	135,415
Store and warehouse	82,568	101,719
Construction in progress	82,337	49,244

	1,534,370	1,246,328
Less accumulated depreciation and amortization	(410,197)	(290,195)

	\$1,124,173	\$ 956,133
	=====	

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Property and equipment included computer and office equipment of \$67,797 at June 30, 2001 and December 31, 2000 acquired under capital lease arrangements. Depreciation expense amounted to \$166,885 and \$30,000 for the six months ended June 30, 2001 and 2000, respectively. Depreciation expense amounted to \$92,185 and \$15,000 for the three months ended June 30, 2001 and 2000, respectively. Amortization of assets under capital lease arrangements is included in depreciation expense.

6. Accrued Expenses

A summary of accrued expenses at June 30, 2001 and December 31, 2000 is as follows:

	2001	2000
	-----	-----
	(unaudited)	
Accrued payroll	\$343,430	\$287,252
Accrued commissions	115,321	109,052
Other	483,912	304,511
	-----	-----
	\$942,663	\$700,815
	=====	=====

7. Loans from Stockholders

SPEEDCOM issued a \$250,000 promissory note to the Company's President in December 2000. The note bears an interest rate of the greater of 12% or DLJ's standard margin rate plus 1.5%. The note is payable in December 2001 or at the closing of an equity offering by the Company of at least \$5,000,000, whichever is earlier. The Company concurrently granted a total of 25,000 warrants with a \$3.60 strike price in connection with this note. The proportionate fair value of

9

the warrants amounted to \$62,500 and has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at June 30, 2001 amounted to \$222,774.

The Company issued a \$252,000 non-interest bearing promissory note in December 2000, with beneficial conversion features. The note is due in December 2001, payable in cash or 70,000 shares of common stock, at the holder's option. The 70,000 shares were worth \$115,500 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at June 30, 2001 amounted to \$197,571.

In December 2000, the Company issued a \$200,000 non-interest bearing promissory note, with beneficial conversion features. The note was due in January 2002, payable in cash or 50,000 shares of common stock, at the holder's option. The 50,000 shares were worth \$37,500 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount was being amortized to interest expense over the life of the note. On June 29, 2001, this loan, along with a \$25,000 trade payable, was converted to 100,000 shares of preferred stock at \$2.25 per share, 75,000 Series A Warrants and 100,000 Series B Warrants. The Series A Warrants were valued at \$90,000 based on the proportionate fair value of the

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

warrants at the date of the conversion. The Series B Warrants vest contingent upon certain performance factors. The unamortized portion of the original issue discount on the promissory note is recorded to interest expense.

Also in December 2000, the Company issued a \$10,800 non-interest bearing promissory note with beneficial conversion features. The note is due in December 2001, payable in cash or 3,000 shares of common stock, at the holder's option. The 3,000 shares were worth \$4,950 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at June 30, 2001 amounted to \$8,469.

During January 2000, the Company issued a 10% convertible subordinated promissory note for \$40,000, due for payment in January 2003. The note was convertible into 10,000 shares of common stock at any time during its term. The note was subordinate to all other debt instruments. The \$40,000 note and accrued interest was converted in January 2001.

In April 2001, SPEEDCOM borrowed \$3,000,000 from an institutional investor. The loan is due in April 2002 and bears interest at 9% for the first 90 days and 12% thereafter. As part of the transaction, SPEEDCOM issued warrants to acquire 333,333 shares of SPEEDCOM common stock at \$5.00 per share. The 333,333 warrants were worth \$930,000 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the

10

note. The discount is being amortized to interest expense over the remaining life of the note. Additional warrants are issuable contingent upon the date on which the loan is repaid. The holder of the loan has certain rights of first refusal on subsequent financings. Interest is due under the loan in quarterly installments with principal payable in total at the maturity date of the loan. The \$3,000,000 loan was not convertible into preferred stock per the original loan agreement. On June 29, 2001, \$1,000,000 of this loan was converted to 497,812 shares of preferred stock at \$2.25 per share, 373,359 Series A Warrants and 497,812 Series B Warrants. The Series A Warrants were valued at \$448,030 based on the proportionate fair value of the warrants at the date of the conversion utilizing the Black-Scholes pricing model. The Series B Warrants vest contingent upon certain performance factors. The balance of the remaining note at June 30, 2001 amounted to \$1,505,722.

SPEEDCOM issued a \$40,000 promissory note to the Company's Vice President of Sales in May 2001. The note bears an interest rate of 9%. The note is payable in August 2001.

In June 2001, SPEEDCOM issued a \$250,000 promissory note to the Company's President. The note bears an interest rate of 10% and is payable in April 2002. The Company concurrently granted a total of 73,333 warrants with a \$3.25 strike price in connection with this note. The proportionate fair value of the warrants amounted to \$92,500 and has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. On June 29, 2001, this loan was converted to 111,667 shares of preferred stock at \$2.25 per share, 83,751 Series A Warrants and 111,667 Series B Warrants. The Series A Warrants were valued at \$100,500 based on the proportionate fair value of the warrants at the date of the conversion. The Series B Warrants vest contingent upon certain performance factors. The unamortized portion of the original issue discount on the promissory note is recorded as an extraordinary loss from the

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

early extinguishment of debt.

In June 2001, SPEEDCOM borrowed \$1,500,000 from three institutional investors. The loan bears an interest rate of 10% and is payable in April 2002. The Company concurrently granted a total of 440,000 warrants with a \$3.25 strike price in connection with this loan. The proportionate fair value of the warrants amounted to \$555,000 and has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the loan. On June 29, 2001, \$550,000 of this loan was converted to 245,667 shares of preferred stock at \$2.25 per share, 184,251 Series A Warrants and 245,667 Series B Warrants. The Series A Warrants were valued at \$221,100 based on the proportionate fair value of the warrants at the date of the conversion. The Series B Warrants vest contingent upon certain performance factors. The balance of the remaining note at June 30, 2001 amounted to \$618,028. The unamortized portion of the original issue discount related to the converted portion of this loan is recorded as an extraordinary loss from the early extinguishment of debt.

SPEEDCOM recorded a loss from the early extinguishment of debt related to some of the conversions discussed above. When the nonconvertible loans originated, value was allocated to the Series A Warrants based on the Black-Scholes pricing model. This value was being amortized over the maturity of the loan. When the loan was converted to preferred stock, the

11

unamortized portion of this value was immediately expensed to loss from the early extinguishment of debt.

8. Notes and Capital Leases Payable

A summary of notes and capital leases payable at June 30, 2001 and December 31, 2000 is as follows:

	2001
	----- (unaudited)
10.5% bank note payable in monthly installments through June 2003, secured by equipment and inventories	\$ 39,937
8%-16.8% automobile loans payable in monthly installments through January 2003, secured by equipment	7,269
Capital lease obligations	23,390
5% trade note payable in monthly installments through August 2001	80,000

	150,596
Less current portion	(119,604)

	\$ 30,992
	=====

9. Redeemable Preferred Stock

On June 29, 2001, SPEEDCOM converted loans, accrued interest and trade payables of \$2,149,075 to 955,146 shares of \$.001 par value preferred stock at \$2.25 per share, 916,361 Series A Warrants and 955,146 Series B Warrants. The Series A Warrants were valued based on the proportionate fair value of the warrants at

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

the date of the conversion. The Series B Warrants vest contingent upon certain performance factors. Each of the Series A Warrants are convertible into .75 shares of common stock and each of the Series B Warrants are convertible into one share of common stock. This preferred stock is only redeemable upon the occurrence of a Triggering Event as defined in the agreement, which is generally a sale, merger or reorganization of the Company, failure of the Company to maintain an effective Registration Statement related to the redeemable preferred stock or failure to have the Company's common stock listed on certain exchanges.

10. Shareholder's Equity

In January 2001, SPEEDCOM acquired worldwide rights to PacketHop(TM), a revolutionary wireless routing software developed by SRI International (SRI). PacketHop(TM) overcomes the traditional need for a direct line of sight between a base station and an end user's location. Under the terms of the agreement, SPEEDCOM obtains worldwide rights to SRI's PacketHop(TM) technology in the fixed wireless infrastructure market for the primary frequencies below 6 GHz. Per the agreement, SRI International is entitled to receive a total of 325,000 shares of common stock of SPEEDCOM to be issued in four tranches. Each tranche is measured on the specific date that the stock is issued on. The first tranche was due on signing the agreement. The three

12

remaining tranches are due on achievement of certain performance criteria. The first tranche was granted in January for 100,000 shares at \$6.50 per share. The second tranche was granted in April for 75,000 shares at \$4.30 per share. As of June 30, 2001, the value of these shares at the date of grant were included in Intellectual Property in the balance sheet. The third tranche was granted in July for 75,000 shares at \$2.36 per share. The remaining tranche is based on certain performance criteria that have not been achieved and has not been recorded. SPEEDCOM also has paid \$360,000 in cash, included in Intellectual Property in the balance sheet, which is being amortized over six years (the term of the agreement barring default). For the three and six months ended June 30, 2001, \$60,012 and \$92,512 has been amortized of the Intellectual Property, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion in this document contains trend analysis and other 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, such as statements concerning growth and future operating results; developments in markets and strategic focus; new products and services and product technologies and future economic, business and regulatory conditions. Such forward-looking statements are generally accompanied by the words such as "plan", "estimate", "expect", "believe", "should", "would", "could", "anticipate", "may" and other words that convey uncertainty of future events or outcomes. These forward-looking statements and other statements made elsewhere in this report are made in reliance on the Private Securities Litigation Reform Act of 1995. The section below entitled "Certain Factors That May Affect Future Results, Financial Condition and Market Price of Securities" sets forth factors that could cause actual results to differ materially from these statements.

Overview

SPEEDCOM is a multi-national company based in Sarasota, Florida. The Company employs approximately 105 people. Through its Wave Wireless Networking division, SPEEDCOM manufactures a variety of broadband wireless products, including its

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

SPEEDLAN family of wireless Ethernet bridges and routers. Through its InstallGuys division, SPEEDCOM provides wireless installations and services. Internet service providers, telephone company operators and private organizations in more than 60 countries use SPEEDCOM products to provide "last-mile" wireless connectivity between multiple buildings at speeds up to 155 Megabits per second and distances up to 25 miles.

13

Results of Operations

The following table sets forth the percentage of net revenues represented by certain items in the Company's Statements of Operations for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June	
	2001	2000	2001	2000
Net revenues	100%	100%	100%	100%
Operating costs and expenses:				
Cost of goods and services	58%	57%	57%	52%
Salaries and related	42%	41%	38%	39%
General and administrative	30%	12%	26%	15%
Selling expenses	11%	11%	12%	9%
Provision for bad debt	4%	1%	2%	1%
Depreciation and amortization	4%	1%	3%	1%
	149%	123%	138%	117%
Loss from operations	(49)%	(23)%	(38)%	(17)%
Other (expense) income:				
Interest expense, net	(17)%	0%	(10)%	0%
Other income, net	0%	0%	0%	0%
Net loss before extraordinary items	(17)%	0%	(10)%	0%
	(66)%	(23)%	(48)%	(17)%
Extraordinary loss from early extinguishment of debt	(9)%	--	(4)%	--
Net loss	(75)%	(23)%	(52)%	(17)%

Six Months Ended June 30, 2001 and June 30, 2000

Net revenues increased 101% from approximately \$4,001,000 in the six months ended June 30, 2000 to approximately \$8,053,000 in the six months ended June 30, 2001. This increase was due to SPEEDCOM executing its business plan of expanding the business in a growing market for broadband wireless in 2001. Cost of goods and services increased 120% from approximately \$2,083,000 for the six months ended June 30, 2000 to approximately \$4,583,000 for the six months ended June 30, 2001, due primarily to increases in the Company's revenues and certain purchasing inefficiencies due to lower cash balances associated with delays in

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

completing financings for the Company. Revenues from customers in foreign geographic areas increased to 45% of revenues for the six months ended June 30, 2001 as compared to 27% of revenues the six

14

months ended June 30, 2000. The percentage of sales that are from international customers is expected to increase slightly or remain stable throughout the year ended December 31, 2001.

Salaries and related, general and administrative and selling expenses increased by 137% from approximately \$2,547,000 for the six months ended June 30, 2000 to approximately \$6,037,000 for the six months ended June 30, 2001. This increase was primarily due to an increase in employee headcount, which increased salaries and related expenses approximately \$1,440,000, spending on investor relations of approximately \$146,000, increased spending on marketing and promotion, such as attendance at industry trade shows, of approximately \$162,000, severance and other one-time expenses, as described below, and engineering related to the PacketHop(TM) product of approximately \$179,000. Additionally, SPEEDCOM incurred substantially higher professional fees for legal and accounting services due to the fact that the Company was a public entity in the first and second quarters of 2001 and a private entity in the first and second quarter of 2000 and because of the debt financings completed by the Company in the first half of 2001. As discussed above, SPEEDCOM incurred one-time charges in the first half of 2001 related to severance of approximately \$20,000, one-time charges related to the termination of an investor relations contract of approximately \$214,000 and one-time investment banking charges of approximately \$306,000. Excluding such charges, total salaries and related, general and administrative and selling expenses would have been approximately \$5,497,000 for the six months ended June 30, 2001.

Net interest expense increased from approximately \$8,000 for the six months ended June 30, 2000 to approximately \$838,000 for the six months ended June 30, 2001. This increase was due to the addition of notes payable and loans from stockholders during the fourth quarter of 2000 and the first and second quarters of 2001.

Net loss increased 518% from approximately \$679,000, or \$.09 per share, in the six months ended June 30, 2000 to approximately \$4,192,000, or \$.44 per share, in the six months ended June 30, 2001, as a result of the foregoing factors.

Three Months Ended June 30, 2001 and June 30, 2000

Net revenues increased 87% from approximately \$2,154,000 in the three months ended June 30, 2000 to approximately \$4,035,000 in the three months ended June 30, 2001. This increase was due to SPEEDCOM executing its business plan of expanding the business in a growing market for broadband wireless in 2001. Cost of goods and services increased 90% from approximately \$1,239,000 for the three months ended June 30, 2000 to approximately \$2,348,000 for the three months ended June 30, 2001, due primarily to increases in the Company's revenues and certain purchasing inefficiencies due to lower cash balances associated with delays in completing financings for the Company. Revenues from customers in foreign geographic areas increased to 55% of revenues for the three months ended June 30, 2001 as compared to 30% of revenues the three months ended June 30, 2000. The percentage of sales that are from international customers is expected to increase slightly or remain stable throughout the year ended December 31, 2001.

15

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Salaries and related, general and administrative and selling expenses increased by 143% from approximately \$1,380,000 for the three months ended June 30, 2000 to approximately \$3,352,000 for the three months ended June 30, 2001. This increase was primarily due to an increase in employee headcount which increased salaries and related expenses approximately \$808,000, spending on investor relations of approximately \$74,000 increased spending on marketing and promotion, such as attendance at industry trade shows, of approximately \$44,000, severance and other one-time expenses, as described below, and engineering related to the PacketHop(TM) product of approximately \$114,000. Additionally, SPEEDCOM incurred substantially higher professional fees for legal and accounting services due to the fact that the Company was a public entity in the second quarters of 2001 and a private entity in the second quarter of 2000 and because of the debt financings completed by the Company in the second quarter of 2001. As discussed above, SPEEDCOM incurred one-time charges in the second quarter of 2001 related to severance of approximately \$20,000, one-time charges related to the termination of an investor relations contract of approximately \$214,000 and one-time investment banking charges of approximately \$156,000. Excluding such charges, total salaries and related, general and administrative and selling expenses would have been approximately \$2,962,000 for the three months ended June 30, 2001.

Net interest expense increased from approximately \$7,000 for the three months ended June 30, 2000 to approximately \$677,000 for the three months ended June 30, 2001. This increase was due to the addition of notes payable and loans from stockholders during the fourth quarter of 2000 and the first and second quarters of 2001.

Net loss increased 504% from approximately \$501,000, or \$.06 per share, in the three months ended June 30, 2000 to approximately \$3,023,000, or \$.32 per share, in the three months ended June 30, 2001, as a result of the foregoing factors.

Taxes

At June 30, 2001, SPEEDCOM had net operating loss carryforwards (NOLs) for federal income tax purposes of approximately \$4,400,000. The NOLs expire at various dates through the year 2020.

Liquidity and Capital Resources

During the six months ended June 30, 2001, SPEEDCOM used approximately \$4,051,000 of cash for its operating activities. This was primarily due to increases in accounts receivable (due to increases in sales) and the net loss for the period. SPEEDCOM purchased approximately \$402,000 of fixed assets during the six months ending June 30, 2001 as compared to approximately \$478,000 during the same period in 2000. To fund this growth in assets and sales, SPEEDCOM raised approximately \$4,316,000 through the issuance of promissory notes and loans from stockholders.

During the six months ended June 30, 2000 SPEEDCOM used approximately \$1,442,000 for its operating activities. This was primarily due to increases in accounts receivable and inventory

and its net loss for the period. SPEEDCOM's cash flow used for financing activities increased due to the receipt of approximately \$2,476,000 from the sale of its common stock during the first six months of 2000.

The Company believes that current resources are sufficient to maintain its business for 2001. However, the Company will seek additional capital to continue growing its business and to take advantage of opportunities that may

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

arise. This additional capital could come from the sale of common or preferred stock, the exercise of outstanding warrants, or from borrowings. Any material acquisitions of complementary businesses, products or technologies could also require additional equity or debt financing. There can be no assurance that such financing will be available on acceptable terms, if at all.

Certain Factors That May Affect Future Results, Financial Condition and Market Price of Securities

If we do not raise additional capital, we may not be able to fulfill our business plan.

In order to take advantage of possible opportunities in 2001 and to execute our business plan for 2002, we may need to raise additional financial capital. If we are unsuccessful in raising that capital, we may not have sufficient funding to purchase necessary goods and services to execute our business plan.

We may not be able to compete successfully in the fixed wireless broadband market in view of rapid technological change and the resources required to deal with technological change.

The markets for our products and the technologies utilized in the industry in which we operate evolve rapidly and depend on key technologies, including wireless local area networks, wireless packet data, modem and radio technologies. SPEEDCOM is developing a series of next generation products, which incorporates the PacketHop(TM) licensed technology from SRI. Delays in developing these products could have a negative effect on our future competitiveness as the industry is constantly changing as new technologies are developed.

The fixed wireless broadband market is at an early stage of development and is rapidly evolving. As is typical for a new and rapidly evolving industry, demand and market acceptance for recently introduced wireless networking products and services are subject to a high level of uncertainty. Market acceptance of particular products cannot be predicted; however, it is likely that new products will not be generally accepted unless they operate at higher speeds and are sold at lower prices. While the number of businesses recognizing the value of wireless solutions is increasing, we do not know whether sufficient demand for our products will emerge and become sustainable. Prospects must be evaluated due to the risks encountered by a company in the early stages of marketing new products or services, particularly in light of the uncertainties relating to the new and evolving markets in which we operate. There can be no assurance that we will succeed in addressing any or all of these risks, and the failure to do so would reduce demand for SPEEDCOM's products.

17

We could encounter future competition from larger wireless, computer and networking equipment companies. We could also encounter additional future competition from companies that offer products that replace or are alternatives to radio frequency wireless solutions including, for example, products based on infra-red technology or laser technology and systems that utilize existing telephone wires (such as DSL) or cables within a building as a wired network backbone or satellite systems outside of buildings.

Major changes could render products and technologies obsolete or subject to intense competition from alternative products or technologies or by improvements in existing products or technologies. For example, Internet access and wireless local loop equipment markets may stop growing, whether as a result of the development of alternative technologies, such as fiber optic, coaxial cable or satellite systems. Also, new or enhanced products developed by other companies

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

may be technologically incompatible with SPEEDCOM's products and render our products obsolete.

Many of SPEEDCOM's current and potential competitors have significantly greater financial, marketing, technical and other resources and, as a result, may be able to respond more quickly to new or emerging technologies or standards and to changes in customer requirements, or to devote greater resources to the development, promotion and sale of products or to deliver competitive products at a lower end user price. Current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of SPEEDCOM's existing and prospective customers. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Increased competition could result in price reductions, reduced operating margins and loss of market share by SPEEDCOM.

SPEEDCOM's reliance on limited sources of wireless and computer components could result in delayed product shipment and higher costs and could damage customer relationships.

Many of the key hardware and software components necessary for the assembly of SPEEDCOM's products are only available from a single supplier or from a limited number of suppliers. Our reliance on sole or limited source suppliers involves several risks, including:

- . suppliers could increase component prices significantly, without advance notice;
- . suppliers could discontinue or delay delivery of product components for reasons such as inventory shortages, new product offerings, increased cost of materials, destruction of manufacturing facilities, labor disputes and bankruptcy; and
- . in order to compensate for potential component shortages or discontinuance, in the future we may hold more inventory than is immediately required, resulting in increased inventory costs.

If our suppliers are unable to deliver or ration components to us, we could experience interruptions and delays in manufacturing and sales, which could result in cancellation of orders for products or the need to modify products.

18

This may cause substantial delays in product shipments, increased manufacturing costs and increased product prices. Further, we may not be able to develop alternative sources for these components in a timely way, if at all, and may not be able to modify our products to accommodate alternative components. These factors could damage our relationships with current and prospective customers lasting longer than any underlying shortage or discontinuance.

Expanding indirect distribution channels may result in increased costs and lower margins.

To increase revenues, we believe that we must increase the number of our distribution partners. Management's strategy includes an effort to reach a greater number of end users through indirect channels. SPEEDCOM is currently investing, and plans to continue to invest, significant resources to develop these indirect channels. These efforts may not generate the revenues necessary to offset such investments. We will be dependent upon the acceptance of our products by distributors and their active marketing and sales efforts relating to our products. The distributors to whom we sell products are independent and

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

are not obligated to deal with SPEEDCOM exclusively or to purchase any specified amount of products. Because SPEEDCOM does not generally fulfill orders by end users of its products sold through distributors, SPEEDCOM will be dependent upon the ability of distributors to accurately forecast demand and maintain appropriate levels of inventory. Management expects that SPEEDCOM's distributors will also sell competing products. These distributors may not continue, or may not give a high priority to, marketing and supporting our products. This and other channel conflicts could result in diminished sales through the indirect channels. Additionally, because lower prices are typically charged on sales made through indirect channels, increased indirect sales could adversely affect the average selling prices and result in lower gross margins.

Growth may divert management resources from current operations.

SPEEDCOM has significantly expanded its operations in recent years, and anticipates that further expansion will be required to address potential growth in the customer base and market opportunities. This expansion has placed, and future expansion is expected to place, a significant strain on our management, technical, operational, administrative and financial resources. SPEEDCOM will need to effectively manage any expansion, which could divert attention and resources from current operations. The expansion and planned expansion may be inadequate to support future operations. We may be unable to attract, retain, motivate and manage required personnel, including finance, administrative and operations staff, or to successfully identify, manage and exploit existing and potential market opportunities because of inadequate staffing. We may also be unable to manage further growth in our multiple relationships with original equipment manufacturers, distributors and other third parties.

Our international operations and sales involve significant risks that could reduce sales and increase expenses.

We anticipate that revenues from customers outside North America will continue to account for a significant portion of our total revenues for the foreseeable future. Expansion of international

19

operations has required, and will continue to require, significant management attention and resources. In addition, we remain heavily dependent on distributors to market, sell and support our products internationally. International operations are subject to additional risks, including the following:

- . difficulties of staffing and managing foreign operations due to time differences, language barriers and staffing constraints in the foreign sales offices;
- . longer customer payment cycles and greater difficulties in collecting accounts receivable increase the amount of time that we have to fund our purchase of the inventory sold;
- . unexpected changes in regulatory requirements, exchange rates, trading policies, tariffs and other barriers could increase our costs;
- . uncertainties of laws and enforcement relating to the protection of intellectual property could allow competitors to infringe on our technology;
- . limits on the ability to sue and enforce a judgment for accounts receivable increase the risk of bad debt expense;
- . potential adverse tax consequences could create additional expense; and
- . political and economic instability in Latin America could limit our sales in that region.

SPEEDCOM has a history of losses and may never achieve or sustain profitability.

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

We have incurred significant losses since our inception. SPEEDCOM intends to decrease its operating expenses in an attempt to achieve profitability in the fourth quarter of 2001, however revenues may not grow or even continue at their current level. If revenues do not rapidly increase or if we are not able to decrease expenses, we will never become profitable.

Our common stock price is volatile.

Our stock and the Nasdaq stock market in general have experienced significant price and volume fluctuations in recent months and the market prices of technology companies have been highly volatile. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such litigation could result in substantial costs and diversion of management's attention.

Our manufacturing capabilities are limited and could prevent us from keeping up with customer demand.

SPEEDCOM has no experience in large-scale manufacturing. If our customers were to place orders substantially greater than current levels, SPEEDCOM's present manufacturing abilities may not be adequate to meet such demand. There can be no assurance that we will be able to contract additional manufacturing personnel on a timely basis.

20

Our concentrated ownership structure means that our two controlling shareholders can control the outcome of any shareholder vote.

A majority of SPEEDCOM's common stock is currently controlled by Michael W. McKinney and Barbara McKinney (the McKinneys). Therefore, certain corporate actions, which the Board of Directors may deem advisable for the shareholders of SPEEDCOM as a whole, such as a business combination, may not be approved by the common shareholders if submitted to a vote, unless the McKinneys approve the potential transaction.

SPEEDCOM is subject to extensive and unpredictable government regulation, which could make our products obsolete, raise our development costs and create opportunities for other competitors.

SPEEDCOM is subject to various FCC rules and regulations in the United States and to other government regulations abroad. There can be no assurance that new FCC regulations will not be promulgated or that existing regulations outside of the United States would not adversely affect international marketing of SPEEDCOM's products.

Regulatory changes, including changes in the allocation of available frequency spectrum, could significantly impact operations by restricting development efforts, rendering current products obsolete or increasing the opportunity for additional competition. In September 1993 and in February 1995, the FCC allocated additional spectrum for personal communications services. In January 1997, the FCC authorized 300 MHz of additional unlicensed frequencies in the 5 Gigahertz frequency range. In 2000, the FCC modified the rules for "frequency hopping spread spectrum" radios to allow greater power utilization in certain circumstances. These changes in the allocation of available frequency spectrum could create opportunities for other wireless networking products and services or shift the competitive balance between SPEEDCOM and its competitors.

PART II. OTHER INFORMATION

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

Item 2. Recent Sales of Unregistered Securities

During the quarter ended June 30, 2001, the Company sold the following securities which were not registered under the Securities Act. The purchases and sales were exempt pursuant to Section 4(2) of the Securities Act (and/or Regulation D promulgated thereunder) as transactions by an issuer not involving a public offering, where the purchasers represented their intention to acquire the securities for investment only, not with a view to distribution, and received or had access to adequate information about the registrant.

- 1) A \$3,000,000 promissory note and warrants to acquire 333,333 shares of common stock to an institutional accredited investor. \$1,000,000 of the note was converted to 497,812 shares of Series A convertible preferred stock, 373,357 Series A warrants and 497,812 contingent Series B warrants.
- 2) A \$250,000 promissory note and warrants to acquire 73,333 shares of common stock to Mr. Sanguinetti, our former president and an accredited investor. The note was converted to 111,667 shares of Series A convertible preferred stock, 83,751 Series A warrants and 111,667 contingent Series B warrants.
- 3) \$1,500,000 promissory note and warrants to acquire 440,000 shares of common stock to three institutional accredited investors. \$550,000 of the note was converted to 245,667 shares of Series A convertible preferred stock, 184,251 Series A warrants and 245,667 contingent Series B warrants.
- 4) 75,000 shares of common stock to SRI International, an accredited investor and our licensor, pursuant to the terms of our license agreement.
- 5) 185,000 shares of common stock, 955,146 shares of Series A convertible preferred stock, warrants to purchase 333,333 shares of common stock (exercise price \$5.00 per share), warrants to purchase 1,564,694 shares of common stock (exercise price of \$3.25 per share) and contingent warrants to purchase up to 955,146 shares of common stock (exercise price \$.001 per share) were issued for a total of \$4,750,000 cash, \$25,000 of trade payables, \$2,000,000 principal amount of

21

surrendered indebtedness and services. These securities were issued to 10 investors, all of which were accredited investors and include the investors described in items (1) through (3) above.

Item 4. Submission of Matters to a Vote of Security Holders

The following proposals are described in the Notice and Proxy Statement filed by SPEEDCOM with the SEC on April 25, 2001:

- . Proposal 1: Election of two Directors to the Board
- . Proposal 2: Approve the appointment of Ernst & Young LLP as SPEEDCOM's independent certified public accountants
- . Proposal 3: To approve the SPEEDCOM Wireless Corporation 2000 Equity Incentive Plan

	For	Against	Abstained
Proposal 1	6,333,474	--	50,488

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

-----	-----	-----	-----
Proposal 2	6,332,314	1,000	50,648
-----	-----	-----	-----
Proposal 3	6,371,133	12,499	330
-----	-----	-----	-----

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits in the accompanying Exhibit Index are filed as part of this Quarterly Report on Form 10-QSB/A.

Signatures

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

SPEEDCOM Wireless Corporation

/s/ Michael W. McKinney Chairman, Chief Executive November 16, 2001
----- Officer and Director

Michael W. McKinney

22

Exhibit Index

Number	Description
2.1(1)	Asset Purchase Agreement between Packaging Atlanta Corporation and Laminating Technologies Inc. dated April 26, 1999
2.2	Agreement and Plan of Merger by and between SPEEDCOM Wireless International Corporation and LTI Holdings, Inc., dated as of August 4, 2000 (included as Appendix A to the proxy statement/prospectus filed as part of Form S-4 Registration Statement (File No. 333-43098) and incorporated herein by reference)
3.1(8)	Amended and Restated Certificate of Incorporation of SPEEDCOM Wireless Corporation, as amended
3.2(4)	Amended and Restated Bylaws
3.3(6)	Amended and Restated Bylaws of SPEEDCOM Wireless Corporation
4.1(2)	Form of Bridge Note
4.2(2)	Form of Warrant Agreement
4.3(2)	Form of Underwriter's Unit Purchase Option
4.4(6)	Purchase Agreement, dated April 13, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined therein
4.5(6)	Registration Rights Agreement, dated April 13, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined
4.6(6)	Form of Warrant of SPEEDCOM Wireless Corporation, dated April 13, 2001
4.7(7)	Note and Warrant Purchase Agreement by and among SPEEDCOM Wireless Corporation, S.A.C. Capital Associates, LLC, SDS Merchant Fund, L.P., Oscar Private Equity Investments, L.P. and Bruce Sanguinetti
4.8(7)	Promissory Note for \$500,000 issued to S.A.C. Capital Associates, LLC
4.9(7)	Promissory Note for \$250,000 issued to SDS Merchant Fund, L.P.
4.10(7)	Promissory Note for \$750,000 issued to Oscar Private Equity Investments, L.P.
4.11(7)	Promissory Note for \$250,000 issued to Bruce Sanguinetti
4.12(7)	Warrant No. W-1 to Purchase 146,667 Shares of Common Stock issued to S.A.C. Capital Associates, LLC

Edgar Filing: SPEEDCOM WIRELESS CORP - Form 10QSB/A

- 4.13(7) Warrant No. W-2 to Purchase 73,333 Shares of Common Stock issued to SDS Merchant Fund, L.P.
- 4.14(7) Warrant No. W-3 to Purchase 220,000 Shares of Common Stock issued to Oscar Private Equity Investments, L.P.
- 4.15(7) Warrant No. W-4 to Purchase 73,333 Shares of Common Stock issued to Bruce Sanguinetti
- 4.16(8) Purchase Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined herein
- 4.17(8) Registration Rights Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, defined herein
- 4.18(8) Form of Series A Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001
- 4.19(8) Form of Series B Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001
- 4.20(8) Settlement Agreement between SPEEDCOM Wireless Corporation and I.W. Miller Group, Inc. dated June 25, 2001
- 10.1(3) Registration Rights Agreement between the registrant and Michael E. Noonan
- 10.2(2)* Amended and Restated 1996 Stock Option Plan
- 10.3(2)* Form of Indemnification Agreement
- 10.4(4)* Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Jay O. Wright
- 10.5(4)* Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Bruce Sanguinetti
- 10.6(4)* Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Michael McKinney
- 10.7(4)* Non-Qualified Stock Option Agreement
- 10.8(4)* Non-Qualified Stock Option Plan
- 10.9(9) Promissory Note for \$250,000 issued to Bruce Sanguinetti dated December 6, 2000.
- 10.10(9) Promissory Note for \$40,000 issued to Bill Davis dated May 11, 2001.
- 10.11(9) Lease Agreement between SPEECOM Wireless Corporation and Lakewood Ranch Properties, LLC.
- 10.12(9) Intellectual Property License Agreement between SPEEDCOM Wireless Corporation and SRI International
- 16.1(5) Letter on change of certifying accountant
- 23.1(5) Consent of Independent Certified Public Accountants
- 24.1(8) Powers of Attorney

-
- (1) Incorporated by reference to the registrant's Definitive Proxy Statement dated May 27, 1999.
 - (2) Incorporated by reference to the registrant's Registration Statement on Form SB-2 (File No. 333-6711) filed with the SEC on June 24, 1996.

23

- (3) Incorporated by reference to Amendment No. 1 to the registrant's Registration Statement on Form SB-2 (File No. 333-6711) filed with the SEC on July 31, 1996.
- (4) Incorporated by reference to the Form 8-K filed October 11, 2000.
- (5) Incorporated by reference to the Form 10-KSB filed April 17, 2001.
- (6) Incorporated by reference to the Form 10-QSB filed May 14, 2001.
- (7) Incorporated by reference to the Form 8-K filed July 2, 2001.
- (8) Incorporated by reference to the Form S-3 filed September 18, 2001.
- (9) Incorporated by reference to the Form 10-QSB filed November 14, 2001.

* Management contract or compensatory plan.

