As filed with the Securities and Exchange Commission on April 30, 2004
An Exhibit List can be found on page II-2.
Registration No. 333-109522

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

Amendment No. 3
to
FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

WPCS INTERNATIONAL INCORPORATED
(Name of small business issuer in its charter)

<TABLE>
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<S>	<C>	<C>
Delaware	4899	98-0204758
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

</TABLE>

140 South Village Avenue, Suite 20
Exton, PA 19341
(610) 903-0400
(Address and telephone number of principal executive offices and principal place of business)

Andrew Hidalgo, Chief Executive Officer
140 South Village Avenue, Suite 20
Exton, PA 19341
(610) 903-0400
(Name, address and telephone number of agent for service)

Copies to:
Marc J. Ross, Esq.
Thomas A. Rose, Esq.
Sichenzia Ross Friedman Ference LLP
1065 Avenue of the Americas, 21st Flr.
New York, New York 10018
(212) 930-9700
(212) 930-9725 (fax)

Approximate date of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] ________

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]
- --------

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]
- --------

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee

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Shares of common stock, $.0001 par value ("Common Stock")	8,456,906	$1.475	$12,473,936	$1,009.14
Shares of Common Stock issuable upon exercise of warrants	5,109,400	$1.475	$7,536,365	$609.69
Total	13,566,306	$1.475	$20,010,302	$1,618.83 (2)

</TABLE>

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) and Rule 457(g) under the Securities Act of 1933, using the average of the high and low price as reported on the Over-The-Counter Bulletin Board on October 6, 2003.

(2) $1,642.76 previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Preliminary Prospectus Subject To Completion, Dated April 30, 2004

The information in this prospectus is not complete and may be changed.

WPCS International Incorporated
13,566,306 Shares of
Common Stock

This prospectus relates to the resale by the selling stockholders of 13,566,306 shares of our common stock, based on current market prices. The selling stockholders may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions. Please see the "Selling Stockholders" section in this prospectus for a complete description of all of the selling stockholders.

We will not receive any proceeds from the sale of shares by the selling stockholders. However, we will receive proceeds upon the exercise of any warrants or options that may be exercised by the selling stockholders, if any. We will pay the expenses of registering these shares.

Our common stock is listed on the Over-The-Counter Bulletin Board under the symbol "WPCS." The last reported sales price per share of our common stock as reported by the Over-The-Counter Bulletin Board on April 28, 2004, was $1.19.

Investing in these securities involves significant risks.
See "Risk Factors" beginning on page 3.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____________, 2004.

PROSPECTUS SUMMARY

Our Business

WPCS International Incorporated is a project engineering company that focuses on the implementation requirements of specialty communication systems, including wireless fidelity (WiFi) deployment and fixed wireless systems. We

provide a range of specialty communication services including project management, site design, structured cabling, product integration, network security, and technical support. These projects may require the integration of multiple communication components and engineering services in order to complete the customer's requirements for the deployment of a specialty communication system, a WiFi or fixed wireless system. We have two reportable segments, specialty communication systems and wireless infrastructure services.

Specialty communication services include project management, installation and network integration of voice, data, video and security systems, including fiber optic cabling and outside plant trenching. The specialty communication systems segment represents approximately 80% of total revenue.

We define wireless infrastructure services as the internal and external design and installation of a wireless solution to support data, voice or video transmission between two or more points without the utilization of landline infrastructure. Wireless infrastructure services include site survey and design, spectrum analysis, product integration, mounting and alignment, and structured cabling. We also provide network security, training and technical support. The wireless infrastructure segment represents approximately 20% of total revenue.

We service major corporations, government agencies and educational institutions, both domestically and internationally.

Our principal offices are located at 140 South Village Avenue, Suite 20, Exton, PA 19341, and our telephone number is (610) 903-0400. We are a Delaware corporation.

We started our operations in December 2001. We did not record significant revenue for the period from November 15, 2001 (date of inception) to April 30, 2002. The operations for this period was conducted prior to the acquisitions of Invisinet, Inc, Walker Comm, Inc. and Clayborn Contracting Group, Inc. Therefore, for the purposes of discussing our results of operations, limited comparisons are made between the operations for these periods. We have incurred net losses since our inception. As of January 31, 2004, we have an accumulated deficit of $977,387.

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The Offering

<S>	<C>
Common stock offered by selling..	13,566,306 shares, of which 8,456,906 are currently issued and outstanding and 5,109,400 are issuable upon exercise of outstanding warrants. This number represents approximately 52.3% of our common stock to be outstanding after the offering.
Common stock to be outstanding after the offering.......................	25,959,376 shares, which assumes the exercise of all shares underlying outstanding warrants being registered in this offering.
Use of proceeds...	We will not receive any proceeds from the sale of the common stock. However, we will receive the sale price of any common stock we sell to the selling stockholders upon exercise of the warrants.
Over-The-Counter Bulletin Board Symbol.................................	WPCS

</TABLE>

Brookshire Securities Corporation will be deemed to be an underwriter of the shares of stock which it is offering.

RISK FACTORS

This investment has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment as a result of these risks.

Risks Related To Our Business

We have a history of operating losses and may never become profitable

We incurred a net loss of approximately $381,000 for the year ended April 30, 2003 and a net loss of $434,327 for the nine months ended January 31, 2004. There can be no assurance that we will achieve or sustain profitability or positive cash flow from operating activities in the future. If we cannot achieve operating profitability or positive cash flow from operating activities, we may not be able to meet our working capital requirements. If we are unable to meet our working capital requirements, we are likely to reduce or cease all or part of our operations.

We may be unable to obtain the additional capital required to grow our business. We may have to curtail our business if we cannot find adequate funding.

Our ability to grow depends significantly on our ability to expand our operations through internal growth and by acquiring other companies or assets that require significant capital resources. We may need to seek additional capital from public or private equity or debt sources to fund our growth and operating plans and respond to other contingencies such as:

- shortfalls in anticipated revenues or increases in expenses;
- the development of new services; or
- the expansion of our operations, including the recruitment of additional personnel.

We cannot be certain that we will be able to raise additional capital in the future on terms acceptable to us or at all. If alternative sources of financing are insufficient or unavailable, we may be required to modify our growth and operating plans in accordance with the extent of available financing.

Our success is dependent on growth in the deployment of wireless networks, and to the extent that such growth slows down, our business may be harmed.

The wireless industry has historically experienced a dramatic rate of growth both in the United States and internationally. Recently, however, many end users have been re-evaluating their network deployment plans in response to downturns in the capital markets, changing perceptions regarding industry growth, the adoption of new wireless technologies, increased price competition and a general economic slowdown in the United States and internationally. It is difficult to predict whether these changes will result in a downturn in the wireless industry. If the rate of growth should slow down and end users continue to reduce their capital investments in wireless infrastructure or fail to expand their networks, our operating results may decline which could cause a decline in our profits.

The uncertainty associated with rapidly changing wireless technologies may also continue to negatively impact the rate of deployment of wireless networks and the demand for our services. End users face significant challenges in assessing their bandwidth demands and in acceptance of rapidly changing enhanced wireless capabilities. If end users continue to perceive that the rate of acceptance of next generation wireless products will grow more slowly than previously expected, they may, as a result, continue to slow their deployment of next generation wireless technologies. Any significant slowdown will reduce the demand for our services and would result in negative net growth, net losses, and potentially a reduction in our business operations.

The increase of services offered by equipment vendors could cause a reduction in demand for our services.

Recently, the wireless equipment vendors have increased the services they offer for their technology. This activity and the potential continuing trend towards offering services may lead to a greater ability among equipment vendors to provide a comprehensive range of wireless services, and may simplify integration and installation, which could lead to a reduction in demand for our services. Moreover, by offering certain services to end users, equipment vendors could reduce the number of our current or potential customers and increase the bargaining power of our remaining customers, which may result in a decline in our net revenue and profits.

Our quarterly results fluctuate and may cause our stock price to decline.

Our quarterly operating results have fluctuated in the past and will likely fluctuate in the future. As a result, we believe that period to period comparisons of our results of operations are not a good indication of our future performance. A number of factors, many of which are outside of our control, are likely to cause these fluctuations.

The factors outside of our control include:

- Wireless market conditions and economic conditions generally;
- Timing and volume of customers' specialty communication projects;
- The timing and size of wireless deployments by end users.
- Fluctuations in demand for our services;
- Changes in our mix of customers' projects and business activities;
- The length of sales cycles;
- Adverse weather conditions, particularly during the winter season, could effect our ability to render specialty communication services in certain regions of the United States;
- The ability of certain customers to sustain capital resources to pay their trade accounts receivable balances;
- Reductions in the prices of services offered by our competitors; and
- Costs of integrating technologies or businesses that we add.

The factors substantially within our control include:

- Changes in the actual and estimated costs and time to complete fixed-price, time-certain projects that may result in revenue adjustments for contracts where revenue is recognized under the percentage of completion method;
- The timing of expansion into new markets, both domestically and internationally;
- Costs incurred to support internal growth and acquisitions;
- Fluctuations in operating results caused by acquistions; and
- The timing and payments associated with possible acquisitions.

Because our operating results may vary significantly from quarter to quarter, our operating results may not meet the expectations of securities analysts and investors, and our common stock could decline significantly which may expose us to risks of securities litigation, impair our ability to attract and retain qualified individuals using equity incentives and make it more difficult to complete acquisitions using equity as consideration.

Failure to keep pace with the latest technological changes could result in decreased revenues.

The market for our services is characterized by rapid change and technological improvements. Failure to respond in a timely and cost-effective way to these technological developments could result in serious harm to our business and operating results. We have derived, and we expect to continue to derive, a substantial portion of our revenues from creating wireless networks that are based upon today's leading technologies and that are capable of adapting to future technologies. As a result, our success will depend, in part, on our ability to develop and market service offerings that respond in a timely manner to the technological advances of our customers, evolving industry standards and changing client preferences.

Failure to properly manage projects may result in costs or claims.

Our engagements often involve large scale, highly complex projects involving wireless networks and specialty communication systems utilizing leading technology. The quality of our performance on such projects depends in large part upon our ability to manage the relationship with our customers, and to effectively manage the project and deploy appropriate resources, including third-party contractors, and our own personnel, in a timely manner. Any defects or errors or failure to meet clients' expectations could result in claims for substantial damages against us. Our contracts generally limit our liability for damages that arise from negligent acts, error, mistakes or omissions in rendering services to our clients. However, we cannot be sure that these contractual provisions will protect us from liability for damages in the event we are sued. In addition, in certain instances, we guarantee customers that we will complete a project by a scheduled date or that the network will achieve certain performance standards. As a result, we often have to make judgments concerning time and labor costs. If the project or network experiences a performance problem, we may not be able to recover the additional costs we will incur, which could exceed revenues realized from a project. Finally, if we miscalculate the resources or time we need to complete a project with capped or fixed fees, our operating results could seriously decline.

Potential future acquisitions could be difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our operating results.

Since November 1, 2002, we have acquired four companies and we intend to further expand our operations through acquisitions over time. This may require significant management time and financial resources because we may need to integrate widely dispersed operations with distinct corporate cultures. Our failure to manage future acquisitions successfully could seriously harm our operating results. Also, acquisition costs could cause our quarterly operating results to vary significantly. Furthermore, our stockholders would be diluted if we financed the acquisitions by incurring convertible debt or issuing securities. Although we currently only have operations within the United States, if we were to acquire an international operation; we will face additional risks, including:

- difficulties in staffing, managing and integrating international operations due to language, cultural or other differences;
- different or conflicting regulatory or legal requirements;
- foreign currency fluctuations; and
- diversion of significant time and attention of our management.

We have no current agreements, arrangements or plans with regards to any future acquisitions.

Our principal officers and directors own a controlling interest in our voting stock and investors will not have any voice in our management.

Our officers and directors, in the aggregate, beneficially own approximately 45.3% of our outstanding common stock. As a result, these stockholders, acting together, will have the ability to control substantially all matters submitted to our stockholders for approval, including:

- election of our board of directors;
- removal of any of our directors;
- amendment of our certificate of incorporation or bylaws; and
- adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving us.

As a result of their ownership and positions, our directors and executive officers collectively are able to influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, sales of significant amounts of shares held by our directors and executive officers, or the prospect of these sales, could adversely affect the market price of our common stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Risks Relating to our Common Stock

There are a Large Number of Shares Being Registered for Resale and the Sale of These Shares May Cause the Price of Our Stock to Drop.

Prior to this Offering, we had 20,849,976 shares of common stock issued and outstanding. Of those shares, 4,576,411 were registered for resale. Upon the effectiveness of this Offering, an additional 13,566,306 shares, including the shares underlying the warrants will be eligible for sale in the market. As a result, the registration of these shares may result in substantial sales of our common stock, which could cause our stock price to drop.

Our Common Stock is Subject to the "Penny Stock" Rules of the SEC and the Trading Market in our Securities is Limited, Which Makes Transactions in our Stock Cumbersome and May Reduce the Value of an Investment in our Stock.

Since our common stock is not listed or quoted on any exchange or on Nasdaq, and no other exemptions currently apply, trading in our common stock on the Over-The-Counter Bulletin Board is subject to the "penny stock" rules of the SEC. These rules require, among other things, that any broker engaging in a transaction in our securities provide its customers with a risk disclosure document, disclosure of market quotations, if any, disclosure of the compensation of the broker and its salespersons in the transaction, and monthly account statements showing the market values of our securities held in the customer's accounts. The brokers must provide bid and offer quotations and compensation information before making any purchase or sale of a penny stock and also provide this information in the customer's confirmation. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our

common stock and cause a decline in the market value of our stock.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by the selling stockholders of our company. There will be no proceeds to us from the sale of shares of common stock in this offering. However, in the event that our outstanding warrants are exercised, we may receive proceeds of up to $4,498,710. Any such proceeds will be used for working capital purposes. There can be no assurance that any of such warrants will be exercised.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is currently traded on the OTC Electronic Bulletin Board under the symbol "WPCS."

The following table sets forth the range of high and low closing bid quotations for our common stock for each quarter of the last two fiscal years, as reported on the Bulletin Board. The quotations represent inter-dealer prices without retail markup, markdown or commission, and may not necessarily represent actual transactions.

PERIOD	HIGH	LOW
Year Ended April 30, 2002:		
First Quarter..............	2.25	0.45
Second Quarter.............	0.54	0.18
Third Quarter..............	0.50	0.15
Fourth Quarter.............	0.15	0.07
Year Ended April 30, 2003:		
First Quarter..............	2.55	0.07
Second Quarter.............	1.90	1.35
Third Quarter..............	2.08	1.05
Fourth Quarter.............	1.95	1.11
Year Ended April 30, 2004:		
First Quarter..............	1.88	0.39
Second Quarter.............	1.73	1.02
Third Quarter	1.70	0.91
Fourth Quarter (1)........	1.44	0.90

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(1) As of April 28, 2004

On April 28, 2004, the closing sale price for our common shares, as reported by the Bulletin Board, was $1.19 per share.

As of April 26, 2004, there were 20,849,976 shares of common stock outstanding and there were approximately 92 registered holders of our common stock.

DIVIDEND POLICY

We have never paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on the Common Shares in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements of our business. Any future determination to pay cash dividends will be at the discretion of the Board and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as the Board deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- discuss our future expectations;
- contain projections of our future results of operations or of our financial condition; and
- state other "forward-looking" information.

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors listed in this section, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. You should be aware that the occurrence of the events described in these risk factors could have an adverse effect on our business, results of operations and financial condition.

Overview

WPCS International Incorporated is a project engineering company that focuses on the implementation requirements of specialty communication systems, wireless fidelity (WiFi) deployment and fixed wireless deployment. We provide a range of specialty communication services including project management, site design, structured cabling, product integration, network security, and technical support. These projects may require the integration of multiple communication components and engineering services in order to complete the customer's requirements.

Significant Transactions and Events

On May 17, 2002, pursuant to the agreement and plan of merger, Phoenix Star Ventures Inc., a publicly held corporation, acquired WPCS Holdings Inc., a Delaware corporation by issuing 5,500,000 shares of its common stock to shareholders of WPCS Holdings in exchange of all the outstanding shares of WPCS Holdings. The shareholders of WPCS Holdings, after the acquisition, owned the majority of the combined company. Accordingly, the combination has been accounted for as a reverse acquisition, whereby, for accounting purposes, WPCS Holdings is the accounting acquirer and Phoenix Star Ventures is the accounting acquiree. Concurrently with the acquisition, Phoenix Star Ventures, the parent company, changed its name to WPCS International Incorporated.

On November 13, 2002, we entered into an agreement and completed a merger with Invisinet, Inc. Invisinet is in a similar business as us, providing fixed wireless technology services to its customers. The acquisition of Invisinet broadens our customer base and expands our technical resources capable of deploying wireless systems. For the nine months ended January 31, 2004, the acquisition of Invisinet increased our revenue by approximately $1.8 million as compared to the same period in the prior year. To complete the merger, we acquired 100% of the common stock of Invisinet by issuing 1,000,000 shares of our common stock with a fair value of $1,750,000, based on the average value of our common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Invisinet, we have recognized goodwill of approximately $1.6 million.

On December 30, 2002, we acquired all of the outstanding common stock of Walker Comm, Inc. The acquisition of Walker gives us the ability to provide specialty communication systems to our customers along with strengthening our project management capabilities. For the nine months ended January 31, 2004, the acquisition of Walker increased our revenue approximately $7.6 million as compared to the same period in the prior year. The aggregate consideration we paid for Walker was approximately $5,113,000. To complete the merger, all of the issued and outstanding shares of common stock of Walker were exchanged for aggregate merger consideration consisting of $500,000 in cash and our common stock with a value of approximately $4,574,000, or 2,486,000 shares valued at $1.84 per share based on the average value of our common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Walker, we recognized goodwill of approximately $4.2 million.

On August 22, 2003, we acquired all of the outstanding common stock of Clayborn Contracting Group, Inc. The acquisition of Clayborn gives us additional expertise in engineering and deployment services for specialty communication systems and additional wireless opportunities to pursue. For the nine months ended January 31, 2004, the acquisition of Clayborn increased our revenue approximately $2.8 million as compared to the same period in the prior year. The aggregate consideration we paid for Clayborn was approximately $2,925,000. We acquired all of the issued and outstanding shares of Clayborn in exchange for $900,000 cash consideration and $57,000 in transaction costs, and 826,446 newly issued shares of our common stock with a fair value of approximately $868,000 based on the average value of our common stock as of a few days before and after the merger terms were agreed to and announced. An additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the quarterly post tax profits of Clayborn. Based on the preliminary information currently available, we preliminarily expect to recognize goodwill of approximately $2,140,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

On April 2, 2004, we acquired all of the issued and outstanding common stock of Heinz Corporation. Heinz is a St. Louis, Missouri based provider of in-building wireless infrastructure services for both cellular and WiFi

applications including consulting, integration and installation services for wireless infrastructure. The acquisition of Heinz gives us additional project engineering expertise for wireless infrastructure services, broadens our customer base, and expands our geographical presence in the Midwest. We acquired all of the issued and outstanding shares of Heinz for $1,000,000, as follows: (1) $700,000 of the our common stock, based on the closing price of our common stock on March 30, 2004 of $0.98 per share, for an aggregate of 714,286 newly issued shares of the Company's common stock and (2) $300,000 total cash consideration, of which $100,000 was paid at closing and a $200,000 non-interest bearing promissory note. Of the $200,000, $75,000 is payable on the first and second anniversaries of the closing date and $50,000 is payable on the third anniversary of the closing date. Based on the preliminary information currently available, we expect to recognize goodwill of approximately $1,000,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

Results of Operations

Management currently considers the following events, trends and uncertainties to be important to understand its results of operations and financial condition:

- We started our operations in December 2001. We did not record significant revenue for the period from November 15, 2001 (date of inception) to April 30, 2002. The operations for this period were conducted prior to the acquisitions of three privately-held companies, Invisinet, Walker and Clayborn.

- As a result of the acquisitions of Invisinet on November 13, 2002 and Walker on December 30, 2002, we experienced significant growth in our overall business and commenced operations in two segments, wireless infrastructure services and specialty communication systems.

- With the acquisition of Clayborn in the second quarter of fiscal 2004, we experienced additional expansion of the specialty communication segment. As of January 31, 2004, the specialty communications segment represents approximately 80% of total revenue, and wireless infrastructure services represent approximately 20% of total revenue.

- Furthermore, we plan to evaluate additional acquisition opportunities in 2004 in an attempt to build out a national, strategically located workforce that will allow our segments to leverage, to the extent feasible, related internal synergies, and to take advantage of expected growth in the wireless infrastructure and specialty communications markets.

- As of March 1, 2004, our backlog has increased to approximately $19 million, versus $14 million as of January 31, 2004. Our backlog is comprised of the uncompleted portion of services to be performed under job-specific contracts or purchase orders. The increase in backlog is the result of new contracts awarded to us by our customers. We expect this backlog to be fully recognized as revenue within the next twelve months.

- Our selling, general and administrative expenses decreased as a percentage of revenue for the three and nine months ended January 31, 2004, as compared to the same period in the prior year.

Fiscal Year ended April 30, 2003 Compared to period November 15, 2001 (date of inception) to April 30, 2002

Consolidated results for the year ended April 30, 2003 were as follows.

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<S>	Year ended April 30, 2003 <C>	<C>	For the period November 15, 2001 (date of inception) to April 30, 2002 <C>	<C>
Revenue	$ 5,422,858	100.0%	$ 402,289	100.0%
Costs and expenses:				
Cost of Revenue	3,768,495	69.5%	267,032	66.4%
Selling expenses	27,741	0.5%	4,857	1.2%
General and administrative expenses	1,833,086	33.8%	112,246	27.9%
Provision for doubtful accounts	38,779	0.7%	-	0.0%
Depreciation and amortization	116,501	2.2%	2,570	0.6%

Total expenses	5,784,602	106.7%	386,705	96.1%
(Loss) income before provision for income taxes	(361,744)	-6.7%	15,584	3.9%
Provision for income taxes	(19,550)	-0.3%	(4,350)	-1.1%
Net (loss) income	(381,294)	-7.0%	11,234	2.8%
Imputed dividends accreted on Convertible Series B Preferred Stock	(173,000)	-3.2%	-	0.0%
Net income (loss) attributable to common shareholders	$ (554,294)	-10.2%	$ 11,234	2.8%

</TABLE>

Revenue

We generate our revenue by providing project engineering and deployment services for specialty communication systems, wireless fidelity (WiFi) and fixed wireless systems. These projects may require the integration of multiple communication components and engineering services in order to complete the customer's requirements. We record profits on these projects on a percentage-of-completion basis on the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts.

Revenue was approximately $5,423,000 and $402,000 for the years ended April 30, 2003 and the period ended April 30, 2002, respectively. The primary reason for the increase in revenues comparing 2003 to 2002 is attributable to the two acquisitions we made in November 2002 of Invisinet and December 2002 of Walker Comm. These acquisitions accounted for $4,720,000 or 94% of the increase in revenues over the prior year.

Total revenue from the specialty communication segment for the year ended April 30, 2003 was approximately $3,573,000 or 66% of total revenue. Wireless infrastructure segment revenue for the year ended April 30, 2003 was approximately $1,850,000 or 34% of total revenue for the year.

Cost of Revenue

In the case of the wireless infrastructure segment, cost of revenue consists of component material costs, direct labor costs and costs incurred for third party sub-contractor services. For the specialty communication segment, cost of sales consists of direct costs on contracts, including materials, labor, and other overhead costs. Our cost of revenue was $3.8 million or 69.5% of revenue for the year ended April 30, 2003, compared to $267,000 of 66.4% for the period ended April 30, 2002. The dollar increase in our total cost of revenue is due to the corresponding increase in revenue as a result of the acquisitions of Invisinet and Walker. The decrease in cost of revenue as a percentage of revenue is due to the revenue mix of the recent acquisitions.

Selling expenses

Selling expenses include expenses incurred for marketing and promotional activities. For the year ended April 30, 2003 and for the period ended April 30, 2002, selling expenses were approximately $28,000 and $4,900, respectively. We expect selling expenses to increase in the near future as we start to market our products and services in expanded markets.

General and administrative expenses

For the year ended April 30, 2003, general and administrative expenses were $1,833,000, or 33.8% of revenue, compared to $112,000, or 27.9% of revenue for the period ended April 30, 2002. The percentage increase for the year ended April 30, 2003 is due to an increase in general and administrative expenses from the acquisitions of Invisinet and Walker, and an increase in professional fees, including investor relations, legal and accounting fees from the formation and ramp-up of WPCS International Incorporated as a public company. However, as we continue to manage our cost structure and leverage incremental revenue in fiscal 2004, we expect lower general and administrative expenses as a percentage of revenue. Included in the general and administrative expenses are $714,000 paid for salaries, commissions and payroll taxes and $374,000 for professional fees. Walker Comm employs union employees for whom it paid $239,000 in union benefits. Insurance costs amounted to $146,000 and rent for our office facilities amounted to $100,000. Other general and administrative expenses amounted to $260,000. For the year ended April 30, 2003, total general and administrative expenses for the specialty communication segment were $966,700 and $651,480 for the wireless

infrastructure segment.

For the period November 15, 2001 to April 30, 2002, included in the general and administrative expenses are $54,000 paid for salaries, commissions and payroll taxes, rent for our office facilities amounted to $10,000 and $6,000 in professional fees. We incurred $17,000 in travel and entertainment expenses to develop new business and paid $7,000 in telephone expenses. Other general and administrative expenses amounted to $18,000.

Depreciation and amortization

Depreciation for the year ended April 30, 2003 was $75,000 as compared to $2,600 for the period ended April 30, 2002. The increase is due to the acquisition of fixed assets on acquiring Walker Comm and Invisinet. The amortization expense for the year ended April 30, 2003 was $41,000. We acquired customer lists from Walker Comm and Invisinet which are being amortized over a period of five years from the date of their acquisition.

Net loss

We incurred a net loss of approximately $381,000 for the year ended April 30, 2003, as compared to a net income of $11,000 for the period ended April 30, 2002. We acquired Walker Comm and Invisinet during the third quarter of our fiscal year 2003 resulting in increase in selling, general and administrative expenses.

Nine Months Ended January 31, 2004 Compared to Nine Months Ended January 31, 2003

<TABLE>
<CAPTION>

	Nine months ended January 31,			
	2004		2003	
<S>	<C>	<C>	<C>	<C>
Revenue	$ 13,874,616	100.0%	$2,185,739	100.0%
Costs and expenses:				
Cost of Revenue	10,084,508	72.7%	1,812,515	82.9%
Selling, general and administrative expenses	3,930,352	28.3%	889,982	40.7%
Provision for doubtful accounts	35,669	0.3%	26,285	1.2%
Depreciation and amortization	254,214	1.8%	18,680	0.9%
Total expenses	14,304,743	103.1%	2,747,462	125.7%
Loss before provision for income taxes	(430,127)	-3.1%	(561,723)	-25.7%
Income tax provision	(4,200)	0.0%	-	0.0%
Net loss	(434,327)	-3.1%	(561,723)	-25.7%
Imputed dividends accreted on Convertible Series B Preferred Stock	-	0.0%	(173,000)	-7.9%
Net loss attributable to common shareholders	$ (434,327)	-3.1%	$ (734,723)	-33.6%

</TABLE>

Revenue

Revenue for the nine months ended January 31, 2004 was approximately $13,875,000, as compared to $2,186,000 for the nine months ended January 31, 2003. The increase in revenue during the nine month period ended January 31, 2004, compared to the same period in the prior year, is a result of the acquisitions of Invisinet, Walker, and Clayborn, which accounted for $13,638,000 of the total revenue for the period.

Revenue from the specialty communication segment for the nine months ended January 31, 2004 and 2003 was approximately $11,398,000 or 82% and $1,020,000 or 47% of total revenue, respectively. Wireless infrastructure segment revenue for the nine months ended January 31, 2004 and 2003 was approximately $2,477,000 or 18% and $1,166,000 or 53% of total revenue for the period, respectively.

Cost of Revenue

For the nine months ended January 31, 2004, our cost of revenue was approximately $10,085,008, or 72.7% of revenue. For the nine months ended January 31, 2003, cost of revenue was approximately $1,813,000, or 82.9% of revenue. The dollar increase in cost of revenue is due to the corresponding increase in revenues as a result of the acquisitions of Invisinet, Walker and Clayborn. The decrease in cost of revenue as a percentage of revenue is due to the revenue mix of the recent acquisitions.

Selling, general and administrative expenses

For the nine months ended January 31, 2004, total selling, general and administrative expenses were $3,930,000 or 28.3% of total revenue. For the nine months ended January 31, 2003, selling, general and administrative expenses were $890,000, or 40.7%. The percentage decrease is due to the management of our cost structure as we leverage our incremental revenue dollars in fiscal 2004. For the nine months ended January 31, 2004, included in selling, general and administrative expenses are $1,464,000 for salaries, commissions and payroll taxes. The increase in salaries and payroll taxes is due the increase in headcount as a result of the acquisition of Invisinet, Walker and Clayborn. In addition, Walker employs union employees for whom it incurred $840,000 in union benefits during the nine month period. Professional fees were $451,000, with the increase due primarily to an increase in investor relations, accounting and legal fees. Insurance costs were $487,000 and rent for office facilities was $180,000. Other selling, general and administrative expenses totaled $508,000. For the nine months ended January 31, 2004, total selling, general and administrative expenses for the wireless infrastructure segment were $432,000, and $2,723,000 for the specialty communication segment.

For the nine months ended January 31, 2003, included in the selling, general and administrative expenses are $396,000 for salaries, commissions and payroll taxes and $247,000 in professional fees. Rent for our office facilities amounted to $39,000. Other selling, general and administrative expenses totaled $208,000. For the nine months ended January 31, 2003, total selling, general and administrative expenses for the wireless infrastructure segment were $395,000, and $249,000 for the specialty communication segment.

For the nine months ended January 31, 2004 and 2003, the provision for doubtful accounts was approximately $36,000 and $26,000, respectively.

For the nine months ended January 31, 2004 and 2003, depreciation and amortization was approximately $254,000 and $19,000, respectively. The increase in depreciation and amortization is due to an increase in property and equipment and customer lists from the acquisition of Invisinet, Walker and Clayborn.

Net loss

We incurred a net loss of approximately $434,000 for the nine months ended January 31, 2004. The net loss for the nine month period ended January 31, 2004 included a non-cash charge of approximately $188,000 for the grant of stock options to certain consultants to purchase 1,230,000 shares of our common stock. In accordance with SFAS No. 123, stock options granted to non-employees are required to be expensed based on the fair value of the equity instruments or fair value of the consideration received. The net loss also included a provision for income taxes of $4,000, which includes income taxes expenses to provide for state income taxes and certain book-to-tax permanent differences, offset by an income tax benefit. The benefit resulted from the reversals of certain temporary differences not being currently taxable as the taxable loss for the current year was in excess of these reversals. The resulting net operating losses have been fully reserved as the ultimate realization of these losses is uncertain.

We incurred a net loss attributable to common shareholders of approximately $735,000 for the nine months ended January 31, 2003.

Liquidity and capital resources

At January 31, 2004, we had working capital of $1,371,000, which consisted of current assets of approximately $5,751,000 and current liabilities of $4,380,000. Current assets included $1,094,000 in cash, $4,260,000 in accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, $72,000 in inventories, $220,000 in prepaid expenses and $105,000 in income tax receivable. Current liabilities included $2,839,000 in accounts payable, accrued expenses and billings in excess of costs and estimated earnings on uncompleted contracts, $100,000 due on the line of credit, $1,203,000 payable to shareholders of the Company, $20,000 income taxes payable, $196,000 in current portion of deferred income taxes, and $22,000 in other current liabilities. The increase in accounts receivable between Apirl 30, 2003 and January 31, 2004 is due primarily to recent acquisitions we made, and secondarily by internal growth.

Operating activities provided $148,000 in cash during the nine months ended January 31, 2004. This was mainly comprised of a $434,000 net loss, offset by $391,000 in net non-cash charges, a $349,000 net increase in accounts receivable, $333,000 increase in costs and estimated earnings in excess of billings on uncompleted contracts, $256,000 increase in accounts payable and

accrued expenses, $658,000 increase in billings in excess of costs and estimated earnings on uncompleted contracts, $4,000 decrease in income taxes payable and a $37,000 net decrease in other current and other assets.

Our investing activities utilized $1,274,000 in cash, which consisted of $900,000 paid for the acquisition of Clayborn and $57,000 of related acquisition transaction costs, offset by $134,000 of cash received. We paid $382,000 in earn-out provisions related to the Walker acquisition, and an additional $12,000 in acquisition transaction costs. Additionally, $57,000 was paid for property and equipment additions.

Our financing activities generated cash of $2,053,000 during the nine months ended January 31, 2004. This was comprised primarily of net proceeds of $2,205,000 received from the completion of the sale of our common stock in a private placement memorandum. We offered up to 100 units (the Units) for sale to

accredited investors at a price of $25,000 per Unit (the Offering), or a maximum offering of $2,500,000. Each Unit consisted of (i) 44,444 shares of our common stock, and (ii) warrants to purchase 44,444 shares of common stock, exercisable for a period of three years at an exercise price of $0.90 per share (the Warrants). The Warrants may be redeemed in whole or in part at the option of the Company, if the closing price of our common stock is at least $1.25 per share on average for 10 consecutive trading days, ending not earlier than 30 days before the Warrants are called for redemption. We sold all 100 Units in the Offering. In connection with the Offering, the placement agent was issued warrants to purchase 665,000 shares of our common stock at an exercise price of $0.75 per share. Other financing activities included borrowings on the line of credit of $100,000, payment of advances from officers of $100,000, repayment of equipment notes of approximately $150,000 related primarily to the acquisition of Clayborn, and payment of capital lease obligations of approximately $2,000.

Our capital requirements depend on numerous factors, including the market for our services, the resources we devote to developing, marketing, selling and supporting our products and services, the timing and extent of establishing additional markets and other factors. To address our working capital needs and growth in our revenue and customer base, on October 29, 2003, Walker obtained a revolving line of credit facility with a commercial bank in the amount of $750,000. The borrowing limit is up to 70% of eligible Walker accounts receivable. As of January 31, 2004, the borrowing base was $750,000 and the outstanding balance was $100,000. The line of credit is collateralized by all of Walker's accounts receivable, inventory and equipment, and bears interest at the Wall Street Journal Prime Index Rate plus 1.5% (5.50% as of January 31, 2004). In addition, we and certain executive officers of ours have personally guaranteed this line of credit facility. This line is subject to annual renewal and matures on November 5, 2004. We also anticipate obtaining a working capital line of credit for Clayborn, to assist with working capital needs as the Clayborn business and customer base expands.

In connection with the Offering, we have the ability to redeem some or all of the Warrants for $0.01 if our common stock is at least $1.25 per share on average for 10 consecutive trading days ending not earlier than 30 days before the Warrants are called for redemption. If we decide to redeem the warrants, we will provide written notice to each warrant holder that the warrants will be redeemed at a price of $0.01 per warrant on a fixed date, not less than thirty days from mailing of the notice. Warrant holders would have until the end of business on the day before redemption to exercise their warrants at an exercise price of $0.90. Since we cannot redeem warrants until our stock price is trading at $1.25, which is higher than the warrant exercise price of $0.90, if we decide to redeem the warrants, we believe most, if not all, warrant holders will elect to exercise their warrants. Therefore, the redemption of the Warrants would provide us with up to approximately $4,000,000 in additional cash upon warrant holders exercising their Warrants instead of allowing us to redeem the Warrants. In the event that the warrant holders elect not to exercise their warrants and our stock price is not trading at $1.25 for ten consecutive trading days, we may not receive any cash.

At January 31, 2004, we had cash of $1,094,000, and for the nine months ended January 31, 2004, cash provided from operations was $148,000. We have a $750,000 revolving line of credit available, and we also expect to redeem approximately $4 million of the Warrants from the Offering within the next twelve months, as discussed above. Accordingly, we believe these internally available funds, and expected financing activities, will provide us sufficient capital to meet our short-term needs for the next twelve months. These funding needs include working capital and capital expenditures, the remaining $116,000 earn-out to be paid related to the Walker acquisition, and the expected payment of quarterly distributions of post tax profits to Clayborn shareholders for the next twelve months. The total distribution to Clayborn shareholders is $1,100,000, which is due by September 30, 2007. Our future operating results may be affected by a number of factors including our success in bidding on future contracts and our continued ability to manage controllable costs effectively. To the extent we grow by future acquisitions that involve consideration other than stock, our cash requirements may increase.

On April 2, 2004, we acquired all of the issued and outstanding common

stock of Heinz. We acquired all of the issued and outstanding shares of Heinz for $1,000,000, as follows: (1) $700,000 of our common stock, based on the closing price of our common stock on March 30, 2004 of $0.98 per share, for an aggregate of 714,286 newly issued shares of the Company's common stock and (2) $300,000 total cash consideration, of which $100,000 was paid at closing and a $200,000 non-interest bearing promissory note. Of the $200,000, $75,000 is payable on the first and second anniversaries of the closing date and $50,000 is payable on the third anniversary of the closing date.

We will continue to explore opportunities to raise additional funds on acceptable terms for a number of uses. We may not be able to obtain additional funds on acceptable terms, or at all. Additional capital resources would be devoted to search for, investigate and potentially acquire new companies that have a strategic fit. In connection with a potential acquisition, we would also expect to issue additional common stock equity or convertible debt securities, which may result in additional dilution to our shareholders.

Critical Accounting Policies

Financial Reporting Release No. 60, published by the SEC, recommends that all companies include a discussion of critical accounting policies used in the preparation of their financial statements. Our significant accounting policies are summarized in Note 2 of its consolidated financial statements. While all these significant accounting policies impact its financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

We believe that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

The accounting policies identified as critical are as follows:

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. The most significant estimates relate to estimation of percentage of completion on uncompleted contracts, valuation of inventory, allowance for doubtful accounts and estimated life of customer lists. Actual results could differ from those estimates.

Accounts receivable

Accounts receivable are due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. We determine its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, our previous loss history, the customer's current ability to pay its obligation to us, and the condition of the general economy and the industry as a whole. We write off accounts receivable when they become uncollectible, and payment subsequently received on such receivables are credited to the allowance for doubtful accounts.

Goodwill and other Long-lived Assets

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition. Our long-lived assets subject to this evaluation include property and equipment and amortizable intangible assets. We assess the impairment of goodwill annually in our fourth fiscal quarter and whenever events or changes in circumstances indicate that it is more likely than not that an impairment loss has been incurred. Intangible assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. We are required to make judgments and assumptions in identifying those events or changes in circumstances that may trigger impairment. Some of the factors we consider include:

- Significant decrease in the market value of an asset
- Significant changes in the extent or manner for which the asset is being used or in its physical condition
- A significant change, delay or departure in our business strategy related to the asset

- Significant negative changes in the business climate, industry or economic conditions
- Current period operating losses or negative cash flow combined with a history of similar losses or a forecast that indicates continuing losses associated with the use of an asset

In view of the generally weak current economic climate, we are periodically evaluating whether an impairment of our amortizable intangible assets and other long-lived assets has occurred. Our evaluation includes an analysis of estimated future undiscounted net cash flows expected to be generated by the assets over their remaining estimated useful lives. If the estimated future undiscounted net cash flows are insufficient to recover the carrying value of the assets over the remaining estimated useful lives, we will record an impairment loss in the amount by which the carrying value of the assets exceeds the fair value. We determine fair value based on discounted cash flows using a discount rate commensurate with the risk inherent in our current business model. If, as a result of our analysis, we determine that our amortizable intangible assets or other long-lived assets have been impaired, we will recognize an impairment loss in the period in which the impairment is determined. Any such impairment charge could be significant and could have a material adverse effect on our financial position and results of operations. Major factors that influence our cash flow analysis are our estimates for future revenue and expenses associated with the use of the asset. Different estimates could have a significant impact on the results of our evaluation.

We performed our annual review for goodwill impairment in the fourth quarter of fiscal 2003 and tested for goodwill impairment in each reporting unit that contains goodwill. Our tests found that no impairment existed. Our impairment review is based on comparing the fair value to the carrying value of the reporting units with goodwill. The fair value of a reporting unit is measured at the business unit level using a discounted cash flow approach that incorporates our estimates of future revenues and costs for those business units. Reporting units with goodwill include our Invisinet business unit, which are operating segments within our fixed wireless reportable segment, and our Walker Comm structured cabling reporting unit, which is a reportable segment. Our estimates are consistent with the plans and estimates that we are using to manage the underlying businesses. If we fail to deliver products and services for these business units, or market conditions for these businesses fail to improve, our revenue and cost forecasts may not be achieved and we may incur charges for goodwill impairment, which could be significant and could have a material adverse effect on our net equity and results of operations.

Deferred Income Taxes

We determine deferred tax liabilities and assets at the end of each period based on the future tax consequences that can be attributed to net operating loss and credit carryovers and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using the tax rate expected to be in effect when the taxes are actually paid or recovered. The recognition of deferred tax assets is reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized. The ultimate realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible.

We consider past performance, expected future taxable income and prudent and feasible tax planning strategies in assessing the amount of the valuation allowance. Our forecast of expected future taxable income is based over such future periods that we believe can be reasonably estimated. Changes in market conditions that differ materially from our current expectations and changes in future tax laws in the U.S. may cause us to change our judgments of future taxable income. These changes, if any, may require us to adjust our existing tax valuation allowance higher or lower than the amount we have recorded.

Revenue recognition

We generate our revenue by providing project engineering and installation services for specialty communication systems, including wireless fidelity (WiFi) and fixed wireless deployment. We provide a range of specialty communication services including project management, site design, structured cabling, product integration, network security and technical support. These projects may require the integration of multiple communication components and engineering services in order to complete the project.

We record profits on these projects on a percentage-of-completion basis on the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. We include in operations pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs, when we determine that we are responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

We have numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. We have a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenues and contract costs. However, current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated.

Recently issued accounting pronouncements

In June 2002, the FASB issued SFAS No.146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 nullifies Emerging Issues Task Force Issue No. 94-3 and requires that a liability for a cost associated with and exit or disposal activity be recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. SFAS No.146 is effective for exit or disposal activities that are initiated after December 31, 2002. The impact of the adoption of SFAS No. 146 is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2002, the FASB issued SFAS No.148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No.123." SFAS No.148 amends SFAS No.123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value-based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. We have chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No.25 and the related SFAS No. 123. The adoption of SFAS 148 did not have a material effect on our consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued FASB Interpretation No.45, ("FIN No. 45") "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No.45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN No. 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN No.45 are effective for any guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual periods ending December 15, 2002. The adoption of the disclosure requirements of FIN No. 45 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No.46 ("FIN No. 46") "Consolidation of Variable Interest Entities." In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. A variable interest entity often holds financial assets, including loans or receivables real estate or other property. A variable interest entity may be essentially passive or it may engage in activities on behalf of another company. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No.46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46's consolidation requirements apply immediately to variable interest entities created or acquired after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year on interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. We have not adopted FIN No.46 for the year ended April 30, 2003. We do not expect FIN 46 to have a material effect on our consolidated financial position, results of operations or cash flows.

In May 2003, the Financial Accounting Standards Board issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new statement requires that those instruments be classified as liabilities in statements of financial position. Most of the guidance in SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of our first quarter for fiscal 2004. We do not expect the adoption of this statement to have

a material impact on our consolidated financial position, results of operations or cash flows.

BUSINESS

Overview

WPCS International Incorporated is a project engineering company that focuses on the implementation requirements of specialty communication systems, wireless fidelity (WiFi) deployment and fixed wireless deployment. We provide a range of specialty communication services including project management, site design, structured cabling, product integration, network security, and technical support. These projects may require the integration of multiple communication components and engineering services in order to complete the customer's requirements for the deployment of a specialty communication system, a WiFi or fixed wireless system.

On May 17, 2002, pursuant to an agreement and plan of merger, Phoenix Star Ventures Inc., a publicly held Delaware corporation, through its wholly owned subsidiary WPCS Acquisition Corp., acquired WPCS Holdings Inc., a Delaware corporation by issuing 5,500,000 shares of its common stock to shareholders of WPCS Holdings, Inc. in exchange of all the outstanding shares of WPCS Holdings, Inc. Concurrently with the acquisition, Phoenix Star Ventures Inc. changed its name to WPCS International Incorporated.

On November 13, 2002, we entered into an agreement and completed a merger with Invisinet, Inc. ("Invisinet"). Invisinet is in a similar business as ours, providing fixed wireless technology services to its customers. The acquisition of Invisinet broadens our customer base and expands our technical resources capable of deploying wireless systems. For the nine months ended January 31, 2004, the acquisition of Invisinet increased sales by approximately $1.8 million as compared the same period in the prior year. To complete the merger, we acquired 100% of the common stock of Invisinet by issuing 1,000,000 shares of our common stock with a fair value of $1,750,000, based on the average value of our common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Invisinet, we have recognized goodwill of approximately $1.6 million.

On December 30, 2002, we acquired all of the outstanding common stock of Walker Comm, Inc. The acquisition of Walker gives us the ability to provide specialty communication systems to our customers along with strengthening our project management capabilities. For the nine months ended January 31, 2004, the acquisition of Walker increased sales approximately $7.6 million as compared to the same period in the prior year. The aggregate consideration we paid for Walker was approximately $5,113,000. To complete the merger, all of the issued and outstanding shares of common stock of Walker were exchanged for aggregate merger consideration consisting of $500,000 in cash and the common stock of ours with a value of approximately $4,574,000, or 2,486,000 shares valued at $1.84 per share based on the average value of our common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Walker, we recognized goodwill of approximately $4.2 million.

On August 22, 2003, we acquired all of the outstanding common stock of Clayborn Contracting Group, Inc. The acquisition of Clayborn gives us additional expertise in engineering and deployment services for specialty communication systems and additional wireless opportunities to pursue. For the nine months ended January 31, 2004, the acquisition of Clayborn increased sales approximately $2.8 million as compared to the same period in the prior year. The aggregate consideration paid by us for Clayborn was approximately $2,925,000. We acquired all of the issued and outstanding shares of Clayborn in exchange for $900,000 cash consideration and $57,000 in transaction costs, and 826,446 newly issued shares of our common stock with a fair value of approximately $868,000 based on the average value of our common stock as of a few days before and after the merger terms were agreed to and announced. An additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the quarterly post tax profits of Clayborn. Based on the preliminary information currently available, we preliminarily expect to recognize goodwill of approximately $2,140,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

On March 19, 2004, we executed a non-binding letter of intent to acquire all the outstanding common stock of Heinz Corporation, for $1 million in cash and our common stock. We anticipate closing to occur on or about April 2, 2004, but currently there is no definitive merger agreement. Heinz Corporation is a St. Louis, Missouri based provider of in-building wireless infrastructure services for both cellular and WiFi applications. The acquisition of Heinz Corporation is expected to give us additional engineering expertise for wireless infrastructure services, and expand our geographical presence in the Midwest.

Our Business

We generate our revenue by providing project engineering and deployment

services for specialty communication systems, wireless fidelity (WiFi) and fixed wireless systems. The company has two reportable segments, specialty communication systems and wireless infrastructure services.

Special Communication Systems

As a complete project engineering company, we focus on the implementation requirements of specialty communication systems. We are a certified design and installation company for several manufacturers offering a wide range of products and services. Specialty communication services include project management, installation, registered communications distribution design, and network integration of voice, data, MATV, CATV, video and security systems, including fiber optic cabling and outside plant trenching. Cabling systems are designed, installed and tested to industry standards. Our installers are members of the IBEW union, and are trained and certified in the latest technologies and safety to adhere to general OSHA guidelines, as well as union and industry rules and regulations pertaining to areas associated with communications. Technicians are also trained and certified in installing copper and fiber optic networks to support Ethernet, Token-Ring, CAT 5, CAT 6, voice and video conferencing. We can also provide in-house CAD specialists to diagram changes or modifications to customer specifications. The specialty communication segment represents approximately 80% of total sales.

Wireless Infrastructure Services

Connecting a company's network is critical in achieving the timely flow of information. Today, a company's network expands beyond its existing headquarters to remote offices and remote users. The networking applications are larger and the demand for high-speed connectivity to move data back and forth is growing dramatically. Until recently, a company's only alternative in obtaining high-speed connectivity was to contact the telephone company and have a high-speed landline service installed so that connectivity could be achieved between its locations. The issue today is that these high-speed landlines take too much time to install, are not available in all locations, do not solve remote application usage and are costly to use on a monthly basis. Expensive and inflexible land line services are moving users toward cost effective high-speed broadband wireless infrastructure services.

Wireless infrastructure services includes the internal and external design and installation of a fixed wireless solution to support data, voice or video transmission between two or more points without the utilization of landline infrastructure. Wireless infrastructure services includes radio frequency engineering, site survey, which determines "line of sight" issues, site design that determines terrain status and where mounting and alignment will occur and spectrum analysis to study the performance of licensed and unlicensed frequencies for a specific area. Also, we will mount and align equipment and integrate the products into one system, and finally test, document and support the installation. We also provide network security, training and technical support. Wireless infrastructure services offer the user lower costs compared to landline, high-speed connectivity, immediate installation and network ownership.

The products offered as part of the system include microwave radios, repeaters, amplifiers, antennas, cables and specialty components. The specific products used and serviced vary depending on the connection speed required and distances between points, accordingly, we are technology and vendor independent. We believe that this aligns our goals with those of the customers and enables us to objectively evaluate and recommend specific component products or technologies. The wireless infrastructure segment represents approximately 20% of total sales.

Sales and Marketing

In both segments, we primarily service major corporations, government entities and educational institutions in the United States. We also perform limited services internationally, which account for less than 1% of total sales. We market and sell services through a direct sales team of sales and project engineering professionals. Sales personnel work collaboratively with senior management, project managers and project engineers to develop new sales leads and procure new contracts. We generate revenue opportunities through formal bid

responses, end user referrals, contracting assignments from technology providers and subcontracting assignments from general infrastructure providers. We also, through our subsidiaries, are listed on the Federal GSA schedule for government contracts.

Customers

We provide specialty communication systems, wireless fidelity (WiFi) deployment and fixed wireless deployment to many major corporations, government entities and educational institutions. At March 31, 2004, we had a backlog of unfilled orders believed to be firm of approximately $19 million, representing the uncompleted portion of services to be performed under job-specific contracts or purchase orders. We expect these projects to be completed and the backlog fully converted to revenue within the next twelve months.

Competition

The markets in the specialty communication systems and wireless infrastructure services segments are relatively competitive and fragmented and represented typically by numerous service providers, ranging from small independent firms servicing local markets to larger firms servicing regional and national markets. We also face competition from existing or prospective clients which employ in-house personnel to perform some of the same types of services we provide. Historically, there have been relatively few significant barriers to entry into the markets in which we operate, and, as a result, any organization that has adequate financial resources and access to technical expertise may become one of our competititors. Overall, we believe that there are no dominant competitors in the either of the segments that we provide products and services.

We believe that the principal competitive factors in our markets include the ability to deliver results within budget (time and cost), reputation, accountability, staffing flexibility, project management expertise, industry experience and competitive pricing. In addition, expertise in new and evolving technologies has become increasingly important. We believe that the ability to integrate these technologies from multiple vendors gives us a competitive advantage. Our ability to compete also depends on a number of additional factors which are outside of our control, including:

- competitive pricing for similar services;
- The ability and willingness of our competitors to finance customers' projects on favorable terms;
- The ability of our customers to perform the services themselves; and
- The responsiveness of our competitors to customer needs.

We believe that our principal competitive advantage is the ability to integrate multiple component products and services across the vast majority of wireless infrastructure services and specialty communication systems. We have a trained and certified staff, the ability to provide national coverage and a strong customer base. We use proven methodologies to rapidly design, install, integrate and manage a communications deployment.

Acquisition Strategy

The primary goal is to build us into a recognized leader in specialty communication systems, wireless fidelity (WiFi) deployment and fixed wireless deployment. To meet this challenge, we are planning to make acquisitions of companies familiar with the deployment of these products and services. The goal for each acquisition will be to expand the product and services offering, strengthen our project services capabilities, expand the customer base and add accretive revenue and earnings. At the present time, we have no plans, arrangement or agreements for any acquisitions.

Management Strategy

In anticipation of internal growth and future acquisitions, we will organize resources to manage our development effectively. Our President is responsible for strategic direction, operations, corporate governance and building shareholder value.

The financial officer is responsible for overall financial management, financial reporting and corporate administration. The strategic development officer is focused on strategic issues such as acquisition candidates, investor relations, corporate marketing and major account opportunities.

Our Executive VP is tasked with business integration, creating operational efficiencies and operations management for a set number of acquired companies. As each acquisition occurs, personnel will increase in a variety of capacities.

Employees

As of March 31, 2004, we employed 150 full time employees, of which 121 are project engineers, 13 are project managers, 11 are in administration and five are executives. Certain of the project engineers are represented by the International Brotherhood of Electrical Workers. We also have non-union employees. We believe our relations with all of our employees are good.

Properties

Our principal executive offices are located in approximately 2,000 square feet of office space in Exton, Pennsylvania. The lease for such space

expires in November 2004. The aggregate annual base rental for this space is $28,000.

In conjunction with acquisitions that occurred in fiscal years 2003 and 2004, we assumed the operating leases of additional office space in the following locations:

Location	Lease Expiration Date	Minimum Annual Rental
Fairfield, California (a)	February 28, 2011	$56,000
Rocklin, California	January 31, 2006	$13,000
San Leandro, California	July 31, 2006	$13,000
Denville, New Jersey	month-to-month	$11,000 (b)
Auburn, California	month-to-month	$44,000 (b)
St. Louis, Missouri	August 31, 2004	$49,124

(a) The lease for our Fairfield, California location is with trusts, of which, certain of our officers and shareholders are the trustees.

(b) The leases for our Denville, New Jersey and Auburn, California locations are month to month leases, therefore the minimum annual rental price assumes we rent the properties for the entire year.

We believe that our existing facilities are suitable and adequate to meet our current business requirements.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

MANAGEMENT

Directors And Executive Officers

Our directors, executive officers and key executives, and their ages as of the date hereof, are as follows.

NAME	AGE	POSITION
Andrew Hidalgo	47	Chairman, Chief Executive Officer and Director
Donald Walker	40	Executive Vice President
E.J. von Schaumburg	36	Executive Vice President
James Heinz	42	Executive Vice President
Joseph Heater	40	Chief Financial Officer
Norm Dumbroff	43	Director
Neil Hebenton	47	Director
Gary Walker	49	Director
William Whitehead	48	Director

</TABLE>

Set forth below is a biographical description of each director and senior executive officer of WPCS based on information supplied by each of them.

Andrew Hidalgo, Chairman and Chief Executive Officer

Mr. Hidalgo became our Chairman of the Board and Chief Executive Officer in June 2002. He is responsible for our operations and direction. From September 2000 until June 2002, Mr. Hidalgo was President of Wireless Professional Communication Services, Inc. From November 1999 to September 2000, Mr. Hidalgo was Chairman and Chief Executive Officer of CommSpan Incorporated. From December 1997 to November 1999, Mr. Hidalgo was Senior Vice President at Applied Digital Solutions, a communications infrastructure company, where he was responsible for implementing a strategic direction involving acquisitions, business integration and sales development while managing overall operations for the company's five core business divisions and 25 subsidiary companies. Prior to that, Mr. Hidalgo held various positions in operations, sales and marketing with the 3M Company, Schlumberger and General Electric. He attended Fairfield University in Fairfield, Connecticut where he majored in Marketing and Finance.

Donald Walker, Executive Vice President

Mr. Walker has been Executive Vice President since December 2002. Mr. Walker was the founder of Walker Comm, Inc. and its Chief Executive Officer from November 1996 until it's acquisition by WPCS in December 2002. He has over twenty-one years of project management experience and is a Registered Communications Distribution Designer (RCDD). In addition, Mr. Walker is a committee member with the National Electrical Contractors Association (NECA). Mr. Walker began his project engineer career at General Dynamics where he developed his engineering skills while managing large projects and coordinating technical staff.

E.J. von Schaumburg, Executive Vice President

Mr. von Schaumburg joined WPCS in November 2002. He is responsible for the strategic development of WPCS including major accounts and corporate marketing. From July 2000 until November 2002, Mr. Von Schaumburg was President of Invisinet, Inc. He is a twelve-year veteran of the wireless industry and founding member of the Wireless Ethernet Compatibility Alliance (WECA). From February 1989 until July 2000, Mr. von Schaumburg worked for eight years as a Business Development Manager for AT&T and three years as a divisional CFO for Lucent Technologies. Mr. von Schaumburg holds a B.S. in Finance from St. Bonaventure University and an M.B.A. from Fairleigh Dickinson University.

James Heinz, Executive Vice President

Mr. Heinz has been Executive Vice President since April 2004. Mr. Heinz was the founder of Heinz Corporation and its President from January 1994 until it's acquisition by WPCS in April 2004. He has over twenty years of project engineering experience in civil and commercial construction projects with over ten years specifically dedicated to wireless infrastructure services. He is Chairman of the Construction Advisory Board for Southern Illinois University and a general advisory member of the School of Engineering. He holds a B.S. degree in construction management from Southern Illinois University.

Joseph A. Heater, Chief Financial Officer

Mr. Heater has been Chief Financial Officer since July 2003. From November 2001 to June 2003, Mr. Heater was the Controller for Locus Pharmaceuticals, Inc., a development stage pharmaceutical company. Prior to that, from April 1999 to September 2001, Mr. Heater was Director of Finance and Corporate Controller for esavio Corporation, an information technology consulting company providing application development, network design, integration, and managed services. Prior to that, from March 1995 to November 1998, Mr. Heater was Director of Financial Planning and Assistant Corporate Controller for Airgas, Inc. Mr. Heater holds a B.S. from the University of Nebraska and an M.B.A. from Villanova University.

Directors:

Norm Dumbroff

Mr. Dumbroff became a Director of WPCS in 2002. He has been the Chief Executive Officer of Wav Incorporated since April 1990, a distributor of wireless products in North America. Prior to Wav Incorporated, Mr. Dumbroff was an engineer for Hughes Aircraft. He holds a B.S. degree in Computer Science from Albright College.

Neil Hebenton

Mr. Hebenton became a director of WPCS in October 2002. Since 1996, he has been the Managing Director for the U.K. based FW Pharma Systems, a

multi-million dollar application software company serving the pharmaceutical and biotechnology sectors. Mr. Hebenton has held a variety of operational, scientific and marketing positions in Europe with Bull Information Systems (BULP-Paris, Frankfurt, Zurich) and Phillips Information Systems. He received his B.S. in Mathematics from the University of Edinburgh, Scotland.

Gary Walker

Mr. Walker has been a director of WPCS since December 2002. He is currently the president of the Walker Comm subsidiary for WPCS International, a position he has held since November 1996. Prior to his involvement at Walker Comm, Mr. Walker had a distinguished career with the U.S. Navy and also held an elected political position in Fairfield, California. He holds a B.A. in Business Management from St. Mary's College in Moraga, California.

William Whitehead

Mr. Whitehead became a director of WPCS in October 2002. Since October 1998, he has been the Chief Financial Officer for Neutronis Incorporated, a multi-million dollar process and safety systems manufacturer. Mr. Whitehead has held a variety of financial management positions with Deloitte & Touche and was Division Controller for Graphic Packaging Corporation from April 1990 to March 1998. After attending West Point, Mr. Whitehead received a B.S. in Accounting from the Wharton School at the University of Pennsylvania and received his M.B.A. from the Kellogg Graduate School at Northwestern University.

Board of Directors

All of our directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Our executive officers are elected annually by the Board of Directors to hold office until the first meeting of the Board following the next annual meeting of stockholders and until their successors are chosen and qualified.

Director and Executive Compensation

Directors serve without cash compensation and without other fixed remuneration. Directors are entitled to receive stock options under our 2002 Stock Option as determined by the Board of Directors. We reimburse our directors for expenses incurred in connection with attending Board meetings.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file reports of their ownership thereof and changes in that ownership with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all such reports they file.

Based solely upon a review of Forms 3, 4 and 5, and amendments thereto, furnished to us during fiscal year 2003, we are not aware of any director, officer or beneficial owner of more than ten percent of our Common stock that, during fiscal year 2003, failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934.

EXECUTIVE COMPENSATION

The following table sets for the certain summary information concerning the compensation paid for services rendered in all capacities to us and our subsidiaries for the years ended April 30, 2003, 2002 and 2001 to WPCS' Chief Executive Officer:

<TABLE>
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			Annual Compensation			Long-Term Compensation			
						Awards		Payouts	
Name	Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation $	Restricted Stock Awards	Securities Underlying Options SAR's(#)(1)	LTIPS Payouts	All Other Compensation ($)

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Andrew Hidalgo	CEO	2003	$ 141,000	-	-	-	-	-	-
Stephen C. Jacks	President	2002	$ 36,000	-	-	-	-	-	-
		2001	$ 15,085	-	$21,085	-	100,000 (2)	-	-

</TABLE>

(1) The number of securities under options granted reflects the number of WPCS shares that may be purchased upon the exercise of such options.

(2) For the year ended April 30, 2001, in connection with the sale of its subsidiary, we entered into a Consulting Agreement with Stephen Jackson under which we paid Mr. Jackson $6,000 during the two month period ending April 30, 2001. We also granted Mr. Jackson an option to purchase 100,000 shares of our common stock at a price of $0.30 per share at any time prior to April 30, 2002.

Employment Agreements

Andrew Hidalgo

On February 1, 2004, we entered into a three-year employment contract with a shareholder who is our Chairman and Chief Executive Officer. Upon each one year anniversary of the agreement, the agreement will automatically renew for another three years from the anniversary date. The base salary under the agreement is $168,000 per annum plus benefits.

E.J. von Schaumburg

On November 13, 2002, we entered into a two-year employment contract with an option to renew for an additional year, with the President of Invisinet, who is also one of our Executive Vice Presidents. The base salary under the agreement is $120,000 per annum, plus benefits.

Donald Walker

On December 30, 2002, we entered into a four-year employment contract with an option to renew for an additional year, with the President of Walker, who is also one of our Executive Vice Presidents. The base salary under the agreement is $140,000 per annum, plus benefits.

Gary Walker

On December 30, 2002, we entered into a four-year employment contract with an option to renew for an additional year, with the Chief Operating Officer of Walker, who is also one of our Directors. The base salary under the agreement is $140,000 per annum, plus benefits.

Joseph Heater

On February 1, 2004, we entered into a three-year employment contract with Joseph Heater, to act as Chief Financial Officer. The base salary under the agreement is $132,000 per annum, plus benefits.

Except for the foregoing terms, we have not entered into other employment or consulting agreements with any of the Named Executive Officers.

James Heinz

On April 2, 2004, we entered into a three-year employment contract with James Heinz, to act as President of Heinz, who is also one of our Executive Vice-Presidents. The base salary underr the agreement is $140,000 per annum plus benefits.

Employee Stock Incentive Plan

The 2002 Stock Option Plan was adopted by the board of directors in September 2002 and increased from 500,000 to 5,000,000 options on March 3, 2003, and approval by the shareholders is pending. The Plan provides for the issuance of up to 5,000,000 options.

Option Grants to the Named Executive Officers and Directors as of March 31, 2004:

Name of Beneficial Owner	Title	Grant Date	Exercise Price	Options
Neil Hebenton	Director	10/1/02	$1.66	25,000
William Whitehead	Director	3/25/03	$1.35	50,000
E.J. von Schaumburg	Executive Vice President	5/27/03	$0.45	300,000
Donald Walker	Executive Vice President	6/3/03	$0.75	200,000
Gary Walker	Director	6/3/03	$0.75	200,000
William Whitehead	Director	6/3/03	$0.75	25,000
Joseph Heater	Chief Financial Officer	6/12/03	$0.75	250,000
Joseph Heater	Chief Financial Officer	8/6/03	$1.07	150,000
E.J. von Schaumburg	Executive Vice President	12/10/03	$1.00	100,000
Norm Dumbroff	Director	3/31/04	$0.97	25,000
Neil Hebenton	Director	3/31/04	$0.97	25,000
William Whitehead	Director	3/31/04	$0.97	25,000
				1,375,000

Under the plan, options may be granted which are intended to qualify as incentive stock options, or ISOs, under Section 422 of the Internal Revenue Code of 1986, as amended, or which are not intended to qualify as incentive stock options thereunder, or Non-ISOs. The 2002 Stock Option Plan and the right of participants to make purchases thereunder are intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The 2002 Stock Option Plan is not a qualified deferred compensation plan under Section 401(a) of the Internal Revenue Code and is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Purpose

The primary purpose of the 2002 Stock Option Plan is to attract and retain the best available personnel for us in order to promote the success of our business and to facilitate the ownership of our stock by employees. The ability of a company to offer a generous stock option program has now become a standard feature in the industry in which we operates.

Administration

The 2002 Stock Option Plan is administered by our board of directors, as the board of directors may be composed from time to time. All questions of interpretation of the 2002 Stock Option Plan are determined by the board, and its decisions are final and binding upon all participants. Any determination by a majority of the members of the board of directors at any meeting, or by written consent in lieu of a meeting, shall be deemed to have been made by the whole board of directors.

Notwithstanding the foregoing, the board of directors may at any time, or from time to time, appoint a committee of at least two members of the board of directors, and delegate to the committee the authority of the board of directors to administer the plan. Upon such appointment and delegation, the committee shall have all the powers, privileges and duties of the board of directors, and shall be substituted for the board of directors, in the administration of the plan, subject to certain limitations.

Members of the board of directors who are eligible employees are permitted to participate in the 2002 Stock Option Plan, provided that any such eligible member may not vote on any matter affecting the administration of the 2002 Stock Option Plan or the grant of any option pursuant to it, or serve on a committee appointed to administer the 2002 Stock Option Plan. In the event that any member of the board of directors is at any time not a "disinterested person", as defined in Rule 16b-3(c)(3)(i) promulgated pursuant to the Securities Exchange Act of 1934, the plan shall not be administered by the board of directors, and may only by administered by a committee, all the members of which are disinterested persons, as so defined.

Eligibility

Under the 2002 Stock Option Plan, options may be granted to key employees, officers, directors or consultants of ours, as provided in the 2002 Stock Option Plan.

Terms Of Options

The term of each option granted under the plan shall be contained in a stock option agreement between us and the optionee and such terms shall be determined by the board of directors consistent with the provisions of the plan, including the following:

(a) Purchase Price. The purchase price of the common shares subject to each ISO shall not be less than the fair market value, or in the case of the grant of an ISO to a principal stockholder, not less that 110% of fair market value of such common shares at the time such option is granted. The purchase price of the common shares subject to each Non-ISO shall be determined at the time such option is granted, but in no case less than 85% of the fair market value of such common shares at the time such option is granted.

(b) Vesting. The dates on which each option (or portion thereof) shall be exercisable and the conditions precedent to such exercise, if any, shall be fixed by the board of directors, in its discretion, at the time such option is granted.

(c) Expiration. The expiration of each option shall be fixed by the board of directors, in its discretion, at the time such option is granted; however, unless otherwise determined by the board of directors at the time such option is granted, an option shall be exercisable for ten (10) years after the date on which it was granted (the "Grant Date"). Each option shall be subject to earlier termination as expressly provided in the 2002 Stock Option Plan or as determined by the board of directors, in its discretion, at the time such option is granted.

(d) Transferability. No option shall be transferable, except by will or the laws of descent and distribution, and any option may be exercised during the lifetime of the optionee only by him. No option granted under the plan shall be subject to execution, attachment or other process.

(e) Option Adjustments. The aggregate number and class of shares as to which options may be granted under the plan, the number and class shares covered by each outstanding option and the exercise price per share thereof (but not the total price), and all such options, shall each be proportionately adjusted for any increase decrease in the number of issued common shares resulting from split-up spin-off or consolidation of shares or any like capital adjustment or the payment of any stock dividend.

Except as otherwise provided in the 2002 Stock Option Plan, any option granted hereunder shall terminate in the event of a merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation of us. However, the optionee shall have the right immediately prior to any such transaction to exercise his option in whole or in part notwithstanding any otherwise applicable vesting requirements.

(f) Termination, Modification and Amendment. The 2002 Stock Option Plan (but not options previously granted under the plan) shall terminate ten (10) years from the earlier of the date of its adoption by the board of directors or the date on which the plan is approved by the affirmative vote of the holders of a majority of the outstanding shares of our capital stock entitled to vote thereon, and no option shall be granted after termination of the plan. Subject to certain restrictions, the plan may at any time be terminated and from time to time be modified or amended by the affirmative vote of the holders of a majority of the outstanding shares of our capital stock present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the State of Delaware.

Stock Appreciation Rights

The 2002 Stock Option Plan also permits the granting of one or more stock appreciation rights to eligible participants. Such stock appreciation rights may be granted either independent of or in tandem with options granted to the same participant. Stock appreciation rights granted in tandem with options may be granted simultaneously with, or, in the case of Non-ISOs, subsequent to, the grant to the participant of the related options; provided, however, that: (i) any option shall expire and not be exercisable upon the exercise of any stock appreciation right with respect to the same share, (ii) any stock appreciation right shall expire and not be exercisable upon the exercise of any option with respect to the same share, and (iii) an option and a stock appreciation right covering the same share of common stock may not be exercised simultaneously. Upon exercise of a stock appreciation right with respect to a share of common stock, the participant shall be entitled to receive an amount equal to the excess, if any, of (A) the fair market value of a share of common stock on the date of exercise over (B) the exercise price of such stock appreciation right.

Federal Income Tax Aspects Of The 2002 Stock Option Plan

The following is a brief summary of the effect of federal income taxation upon the participants and us with respect to the purchase of shares under the 2002 Stock Option Plan. This summary does not purport to be complete and does not address the federal income tax consequences to taxpayers with special tax status. In addition, this summary does not discuss the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside, and does not discuss estate, gift or other tax consequences other than income tax consequences. We advise each participant to consult his or her own tax advisor regarding the tax consequences of participation in the 1999 option plan and for reference to applicable provisions of the code.

The 2002 Stock Option Plan and the right of participants to make purchases thereunder are intended to qualify under the provisions of Sections 421, 422 and 423 of the Code. Under these provisions, no income will be recognized by a participant prior to disposition of shares acquired under the 2002 Stock Option Plan.

If the shares are sold or otherwise disposed of (including by way of gift) more than two years after the first day of the offering period during which shares were purchased (the "Offering Date"), a participant will recognize as ordinary income at the time of such disposition the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price of the shares or (b) 15% of the fair market value of the shares on the first day of the offering period. Any further gain or loss upon such disposition will be treated as long-term capital gain or loss. If the shares are sold for a sale price less than the purchase price, there is no ordinary income and the participant has a capital loss for the difference.

If the shares are sold or otherwise disposed of (including by way of gift) before the expiration of the two-year holding period described above, the excess of the fair market value of the shares on the purchase date over the purchase price will be treated as ordinary income to the participant. This excess will constitute ordinary income in the year of sale or other disposition even if no gain is realized on the sale or a gift of the shares is made. The balance of any gain or loss will be treated as capital gain or loss and will be treated as long-term capital gain or loss if the shares have been held more than one year.

In the case of a participant who is subject to Section 16(b) of the Securities Exchange Act of 1934, the purchase date for purposes of calculating such participant's compensation income and beginning of the capital gain holding period may be deferred for up to six months under certain circumstances. Such individuals should consult with their personal tax advisors prior to buying or selling shares under the 2002 Stock Option Plan.

The ordinary income reported under the rules described above, added to the actual purchase price of the shares, determines the tax basis of the shares for the purpose of determining capital gain or loss on a sale or exchange of the shares.

We are entitled to a deduction for amounts taxed as ordinary income to a participant only to the extent that ordinary income must be reported upon disposition of shares by the participant before the expiration of the two-year holding period described above.

Restrictions On Resale

Certain officers and directors may be deemed to be our "affiliates" as that term is defined under the Securities Act. The Common stock acquired under the 2002 Stock Option Plan by an affiliate may be reoffered or resold only pursuant to an effective registration statement or pursuant to Rule 144 under the Securities Act or another exemption from the registration requirements of the Securities Act.

As of April 30, 2003, there were no unexercised options held by the Named Executive Officers.

Aggregated Option Exercises in Last Fiscal Year And Fiscal Year-end Option Values

There were no option exercises in the last fiscal year.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

At the time of the following transactions, there were no affiliations between us and the other parties. As a result of these transactions, the other parties became affiliates. The transactions were ongoing after the close resulting in payoffs to the other parties who became affiliates.

On November 13, 2002, we acquired all of the outstanding shares of Invisinet from its shareholders in exchange for an aggregate of 1,000,000 newly issued shares of our common stock. An additional 150,000 shares of our common stock were to be issued to a shareholder, provided Invisinet achieved certain financial targets over a two year period beginning on the first anniversary date of the merger. On May 27, 2003, we and the shareholder mutually agreed to cancel the issuance of bonus shares and in exchange, issued options to purchase 300,000 shares of our common stock.

On December 30, 2002, we acquired all of the outstanding shares of Walker Comm in exchange for an aggregate of 2,486,000 newly issued shares of our common stock and $500,000 cash consideration. An additional $500,000 is payable contingent upon Walker Comm achieving certain net profits, to be paid in quarterly distributions equal to 75% of net income, which would increase the purchase price. At January 31, 2004, $103,016 was payable to the Walker Comm shareholders against this earn-out provision.

In connection with the acquisition of Walker Comm, we assumed a lease with trusts, of which, certain of our officers are the trustees, for a building and land located in Fairfield, California, which is occupied by our Walker Comm subsidiary. The lease calls for monthly rental payments of $4,642, with annual increases, calculated using the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area Consumer Price Index.

On August 22, 2003, we acquired all of the outstanding shares of Clayborn Contracting Group, Inc. in exchange for an aggregate $900,000 cash consideration and 826,446 newly issued shares of our common stock. An additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the quarterly post tax profits of Clayborn.

On April 2, 2004, we acquired all of the issued and outstanding common stock of Heinz. We acquired all of the issued and outstanding shares of Heinz for $1,000,000, as follows: (1) $700,000 of our common stock, based on the closing price of our common stock on March 30, 2004 of $0.98 per share, for an aggregate of 714,286 newly issued shares of the Company's common stock and (2) $300,000 total cash consideration, of which $100,000 was paid at closing and a $200,000 non-interest bearing promissory note. Of the $200,000, $75,000 is payable on the first and second anniversaries of the closing date and $50,000 is payable on the third anniversary of the closing date.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 31, 2004 (i) by each person who is known by us to beneficially own more than 5% of our common stock; (ii) by each of our officers and directors; and (iii) by all of our officers and directors as a group.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner**	Shares of Common Stock	Percent of Class Prior to Offering	Percent of Class After Offering ***

Andrew Hidalgo	5,380,000	25.8%	20.7%
Donald Walker	1,016,645	4.9%	3.9%
E.J. von Schaumburg	251,000 (1)	1.2%	*
James Heinz	714,286	3.4%	2.8%
Joseph Heater	150,000 (1)	*	*
Norm Dumbroff	875,000 (1)	4.2%	3.4%
Neil Hebenton	37,500 (1)	*	*
Gary Walker	930,759	4.5%	3.6%
William Whitehead	83,000 (1)	*	*
All officers, directors and key executives (9 Persons)	9,438,190 (1)	45.3%	36.4%

* Less than 1%
** c/o WPCS International Incorporated, 140 South Village Avenue, Suite 20, Exton, PA 19341.
*** Percentage based upon 25,959,376 shares of common stock, which assumes that all shares underlying warrants being registered in this Offering will be sold.

Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days of April 26, 2004 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person. Percentages are based on a total of 20,849,976 shares of common stock outstanding on April 26, 2004, and the shares issuable upon the exercise of options and warrants exercisable on or within 60 days of April 26, 2004, as described below.

(1) Includes the following number of shares of common stock which may be acquired by certain executive officers and directors through the exercise of stock options which were exercisable as of April 26, 2004 or become exercisable within 60 days of that date: E.J. von Schaumburg, 100,000 shares; Joseph Heater, 150,000 shares; Norm Dumbroff, 25,000 shares; Neil Hebenton, 37,500 shares; William Whitehead, 83,000 shares; and all directors and officers as a group, 387,500 shares.

DESCRIPTION OF SECURITIES

The following description of our capital stock is a summary and is qualified in its entirety by the provisions of our articles of incorporation, with amendments, all of which have been filed as exhibits to our registration statement of which this prospectus is a part.

Common Shares

We are authorized to issue up to 30,000,000 shares of Common Stock, par value $.0001. As of April 26, 2004, there were 20,849,976 shares of common stock issued and outstanding and 5,000,000 shares reserved for issuance pursuant to our stock option plans. The holders of common stock are entitled to one vote for each share held of record on all matters to be voted on by the shareholders. The holders of common stock are entitled to receive dividends ratably, when, as and if declared by the board of directors, out of funds legally available. In the event of a liquidation, dissolution or winding-up of us, the holders of common stock are entitled to share equally and ratably in all assets remaining available for distribution after payment of liabilities and after provision is made for each class of stock, if any, having preference over the common stock. The holders of shares of common stock, as such, have no conversion, preemptive, or other subscription rights and there are no redemption provisions applicable to the common stock. All of the outstanding shares of common stock are validly issued, fully-paid and nonassessable.

Preferred Shares

We are authorized to issue up to 5,000,000 shares of preferred stock, par value $.0001. The shares of preferred stock may be issued in series, and shall have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issuance of such stock adopted from time to time by the board of directors. The board of directors is expressly vested with the authority to determine and fix in the

resolution or resolutions providing for the issuances of preferred stock the voting powers, designations, preferences and rights, and the qualifications, limitations or restrictions thereof, of each such series to the full extent now or hereafter permitted by the laws of the State of Delaware.

Series B Convertible Preferred Stock

On May 15, 2002, our Board of Directors adopted and created a series of preferred stock consisting of 1,000 shares designated as Series B Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock has a liquidation preference of $1,000 and does not accrue any dividends. The Series B Convertible Preferred Stock is convertible into our common stock, at the option of the holder, at any time after the 30th calendar day we receive payment in full. Each share of Series B Convertible Preferred Stock is convertible at a basis of $1,000 per share at a conversion price equal to 75% of the average market price of the common stock for ten days prior to the date of conversion. Among other provisions, the number of shares issuable upon conversion may not be less than 1,000 shares or greater than 4,000 shares of common stock. As of the date hereof, there are no issued and outstanding shares of Series B Convertible Preferred Stock.

Series C Convertible Preferred Stock

On November 10, 2002, our Board of Directors adopted and created a series of preferred stock consisting of 1,000 shares designated as Series C Convertible Preferred Stock. The Series C Convertible Preferred Stock is convertible into our common stock, at the option of the holder, at any time after the day we receive payment in full. Each share of Series C Convertible Preferred Stock is convertible into 800 shares of our common stock. Each share of Series C Convertible Preferred Stock has a liquidation preference of $1,000 and does not accrue any dividends.

On August 13, 2003, all 1,000 Series C Preferred shares were converted into 1,786,000 shares of our common stock.

Warrants and Options

As of March 31, 2004, we had outstanding warrants and options to acquire approximately 8,572,875 shares of common stock, exercisable at prices ranging between $0.45 and $1.66.

In connection with the sale of 100 units in a private placement during July and August 2003, each unit had 44,444 warrants, with each warrant representing the right to purchase one share of our common stock at an exercise price of $.90 per share until June 24, 2006. The exercise price and the number of shares issuable upon exercise of the warrants will be adjusted upon the occurrence of certain events, including the issuance of common stock as a dividend on shares of common stock, subdivisions, reclassifications or combinations of the common shares or similar events. The warrants do not contain provisions protecting against dilution resulting from the sale of additional shares of common shares for less than the exercise price of the warrants or the current market price of our securities and do not entitle warrant holders to any voting or other rights as a shareholder until such warrants are exercised and common shares are issued.

Warrants may be redeemed in whole or in part at our option, upon 30 days' notice, at a redemption price equal to $.01 per share of common stock issuable upon exercise of the warrants, if the closing price of the common shares is at least $1.25 per share on average for 10 consecutive trading days, ending not earlier than 30 days before the warrants are called for redemption.

Additionally, in connection with the sale of the 100 units, we issued the placement agent three-year warrants to purchases 665,000 shares of our common stock at an exercise price of $0.75 per share.

Transfer Agent

Interwest Transfer Co., Inc. 1981 E. 4800 South, Suite 100, Salt Lake City Utah 84117, is the transfer agent and registrar for our securities.

PLAN OF DISTRIBUTION

The selling stockholders and any of their respective non-sale pledgees, non-sale donees, non-sale assignees and other non-sale successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits the purchaser;

- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately-negotiated transactions;
- short sales;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing of options on the shares
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

Brookshire Securities Corporation will be deemed to be an underwriter of the shares of stock which it is offering.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if they deem the purchase price to be unsatisfactory at any particular time.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholders defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares.

The selling stockholders may also engage in short sales against the box, puts and calls and other transactions in our securities or derivatives of our securities and may sell or deliver shares in connection with these trades.

The selling stockholders or their respective non-sale pledgees, non-sale donees, non-sale transferees or other non-sale successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then market price. The selling stockholders cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed to be "underwriters" as that term is defined under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the rules and regulations under such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholders, but excluding brokerage commissions or underwriter discounts.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. No selling stockholder has entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholders and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholders or any other such person. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In regards to short sells, the selling stockholder can only cover its short position with the securities they receive from us upon conversion. All of these limitations may affect the marketability of the shares.

We have agreed to indemnify the selling stockholders, or their transferees or assignees, against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the selling stockholders or their respective pledgees, donees, transferees or other

successors in interest, may be required to make in respect of such liabilities.

If the selling stockholders notify us that they have a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholders and the broker-dealer.

PENNY STOCK

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Underwriter Status

The selling security holders and any broker-dealers or agents that are involved in selling the shares may be considered to be "underwriters" within the meaning of the Securities Act for such sales. An underwriter is a person who has purchased shares from an issuer with a view towards distributing the shares to the public. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be considered to be underwriting commissions or discounts under the Securities Act. Brookshire Sercurities Corporation, which is a broker dealer, is an underwriter in this offering. Because Brookshire Securities Corporation is deemed an "underwriter" within the meaning of Section 2(11) of the Securities Act, it will be subject to the prospectus delivery requirements.

SELLING STOCKHOLDERS

The table below sets hares Offered (3) forth information concerning the resale of the shares of common stock by the selling stockholder. We will not receive any proceeds from the resale of the common stock by the selling stockholder. We will receive proceeds from the exercise of the warrants. Assuming all the shares registered below are sold by the selling stockholder, none of the selling stockholder will continue to own any shares of our common stock.

The following table also sets forth the name of each person who is offering the resale of shares of common stock by this prospectus, the number of shares of common stock beneficially owned by each person, the number of shares of common stock that may be sold in this offering and the number of shares of

common stock each person will own after the offering, assuming they sell all of the shares offered.

For the table set forth below, Andrew B. Worden is the control person for Barron Partners, LP, Jeanine Schnapik is the control person for Benil Finance, Ltd., Jaime Villarroel is the control person for Blue Green T, LLC, Timothy Ruggiero is the control person for Brookshire Securities Corporation and John Doss is the control person for Doss & Company, Inc.

<TABLE>
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	Beneficial Ownership Prior to Offering (1)			Beneficial Ownership After Offering (1)	
Name of Selling Security Holder	Shares	Percentage (2)	Shares Offered (3)	Shares (2)	Percentage
<S>	<C>	<C>	<C>	<C>	<C>
Asirwatham, Ronald T.	222,220	1.1%	222,220 (4)	0	*
Ballinger, Arthur J.	101,332	*	101,332 (4)	0	*
Barron Partners, LP	2,848,150	13.7%	2,848,150 (4)	0	*
Benil Finance, Ltd.	355,552	1.7%	355,552 (4)	0	*
Blue Green T., LLC	177,776	*	177,776 (4)	0	*
Brandenburg, Steven	22,222	*	22,222 (4)	0	*
Brookshire Securities Corporation	665,000	3.2%	665,000 (5)	0	*
Coar, Robert M.	22,222	*	22,222 (4)	0	*
David G. Gove and Sharon K. Gove Revocable Trust, dated July 7, 1995	826,446	4.0%	826,446	0	*
Dean Jr., Philip	88,888	*	88,888 (4)	0	*
Di Benedetto, LP	159,998	*	159,998 (4)	0	*
Doss & Company, Inc.	88,888	*	88,888 (4)	0	*
Doss, John R.	355,552	1.7%	355,552 (4)	0	*
Dumbroff, Norm (6)	875,000	4.2%	850,000	25,000	*
Ettenger, Robert Lee	44,444	*	44,444 (4)	0	*
Gaur, Jai P.	88,888	*	88,888 (4)	0	*
Grebb, Gerald H.	26,666	*	26,666 (4)	0	*
Hankins, J. Ronald	44,444	*	44,444 (4)	0	*
Hempleman, Philip J.	355,552	1.7%	355,552 (4)	0	*
Hermes, Roger	49,778	*	49,778 (4)	0	*
Kaufman, LP	195,554	*	195,554 (4)	0	*
Konover, Richard M.	17,778	*	17,778 (4)	0	*
Kwatra, Sonia	17,778	*	17,778 (4)	0	*
Manchio, Rosemarie	150,220	*	150,220 (4)	0	*
Mantey, Jeffrey	22,222	*	22,222 (4)	0	*
McClung, Michael	177,776	*	177,776 (4)	0	*
Molinsky, Maria	355,552	1.7%	355,552 (4)	0	*
Neal, Wesley L.	14,222	*	14,222 (4)	0	*
Oake, Christopher & Christina	22,222	*	22,222 (4)	0	*

Patton, Robert M.	355,552	1.7%	355,552 (4)	0	*
Reinfeld, George	88,888	*	88,888 (4)	0	*
Robertson, Leola	36,266	*	36,266 (4)	0	*
Russell, Douglas	88,888	*	88,888 (4)	0	*
Sabrin, Murray	88,888	*	88,888 (4)	0	*
Sanchez, Tanya D.	238,656	1.1%	238,656	0	*
Seguso, Robert	799,992	3.8%	799,992 (4)	0	*
Spackeen, Scott	177,776	*	177,776 (4)	0	*
Sprague, Roy W. & Gertrude M.	44,444	*	44,444 (4)	0	*
Stephens, Thomas S.	97,776	*	97,776 (4)	0	*
Stone, Michael	533,328	2.6%	533,328 (4)	0	*
Vassallo, Ronald & Susanne	44,444	*	44,444 (4)	0	*
von Schaumburg, E.J.(7)	251,000	1.2%	150,000	101,000	*
Walker, Donald C. (8)	1,016,645	4.9%	1,016,645	0	*
Walker, Gary R. (9)	930,759	4.5%	930,759	0	*
Wilson Jr., F. Bradford	284,442	1.4%	284,442 (4)	0	*
Wilson Jr., F. Bradford TTEE	88,888	*	88,888 (4)	0	*
Zalcberg, Irwin & Sari	133,332	*	133,332 (4)	0	*

</TABLE>
* Less than 1%

(1) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days of April 26, 2004 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person.

(2) Percentage prior to offering is based on 20,849,976 shares of common stock outstanding; percentage after offering is based on 25,959,376 shares of common stock outstanding.

(3) Includes 5,109,400 shares of common stock underlying warrants.

(4) Of which 50% of such number of shares are issuable upon exercise of currently exercisablewarrants.

(5) All 665,000 shares are issuable upon exercise of currently exercisable warrants.

(6) Mr. Norm Dumbroff is currently a director.

(7) Mr. E.J. von Schaumburg is currently an Executive Vice President.

(8) Mr. Donald Walker is currently an Executive Vice President.

(9) Mr. Gary Walker is currently a director.

LEGAL MATTERS

The validity of the shares of common stock being offered hereby will be passed upon for us by Sichenzia Ross Friedman Ference LLP, New York, New York.

EXPERTS

The consolidated financial statements of WPCS International Incorporated as of and for the year ended April 30, 2003, included in this prospectus, have been included herein in reliance on the report of J.H. Cohn LLP, independent public accountants, given on the authority of that firm as experts in accounting and auditing.

Leonard Friedman, Certified Public Accountant, has audited, as set forth in his report thereon appearing elsewhere herein, our financial statements

at April 30, 2002. The financial statements referred to above are included in this prospectus with reliance upon the auditor's opinion based on his expertise in accounting and auditing.

The financial statements of Invisinet, Inc. for the year Ended December 31, 2001 and period from July 10, 2000 (Inception) through December 31, 2000 included in this Prospectus have been audited by Blackman Kallick Bartelstein, LLP, independent accountants, to the extent and for the periods set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of said firm as experts in accounting and auditing.

The financial statements of Walker Comm, Inc. for the years ended December 31, 2002 and 2001 included in this Prospectus have been audited by Leonard Friedman, Certified Public Accountant, independent accountant, to the extent and for the periods set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of said firm as experts in accounting and auditing.

The financial statements of Clayborn Contracting Group, Inc. for the years ended September 30, 2002 and 2001 included in this Prospectus have been audited by Burnett + Company LLP, independent accountants, to the extent and for the periods set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of said firm as experts in accounting and auditing.

The financial statements of Heinz Corporation for the years ended December 31, 2003 and 2002 included in this Prospectus have been audited by Michael N. Fitzgerald, Ph.D, Certified Public Accountant, independent accountant, to the extent and for the periods set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of said firm as experts in accounting and auditing.

We dismissed our independent public accountant, Leonard Friedman, effective as of August 19, 2002. Our Board of Directors approved such decision. Leonard Friedman's report for the period November 15, 2001 (date of inception) to April 30, 2002, did not contain any adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles. Furthermore, during such period from November 15, 2001(date of incorporation) through April 30, 2002, and the subsequent interim period preceding August 19, 2002, there were no disagreements with Leonard Friedman within the meaning of Instruction 4 to Item 304 of Regulation S-B under the Securities Exchange Act of 1934 on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Leonard Friedman, would have caused him to make reference in connection with his opinion to the subject matter of the disagreement in connection with any report he might have issued.

On August 19, 2002, we dismissed N.I. Cameron, Inc., Chartered Accountants ("N.I. Cameron"), as our independent public accountants, effective as of that date. Our Board of Directors approved such decision.

N.I. Cameron's opinion in its reports on our financial statements for the years ended April 30, 2001 and April 30, 2002 (prior to our merger with WPCS Holdings, Inc.), each expressed substantial doubt with respect to our ability, at that time, to continue as a going concern. During the year ended April 30, 2002, and the period from June 9, 1999 (date of incorporation) to April 30, 2001, N.I. Cameron did not issue any other report on our financial statements which contained any adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles. Furthermore, during such period from June 9, 1999 (date of incorporation) through April 30, 2002, and the subsequent interim period preceding August 19, 2002, there were no disagreements with N.I. Cameron within the meaning of Instruction 4 to Item 304 of Regulation S-B under the Securities Exchange Act of 1934 on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of N.I. Cameron, would have caused them to make reference in connection with their opinion to the subject matter of the disagreement in connection with any report they might have issued.

On August 19, 2002, we and WPCS Holdings engaged J.H. Cohn LLP, as our independent public accountants. Neither us nor WPCS Holdings previously consulted with J.H. Cohn regarding any matter, including but not limited to:

- the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements; or
- any matter that was either the subject matter of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-B and the related instructions) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-B).

AVAILABLE INFORMATION

We have filed a registration statement on Form SB-2 under the Securities Act of 1933, as amended, relating to the shares of common stock being offered by this prospectus, and reference is made to such registration statement. This prospectus constitutes the prospectus of WPCS International Incorporated, filed as part of the registration statement, and it does not contain all information in the registration statement, as certain portions have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission.

We are subject to the informational requirements of the Securities Exchange Act of 1934, which requires us to file reports, proxy statements and other information with the Securities and Exchange Commission. Such reports, proxy statements and other information may be inspected at public reference facilities of the SEC at Judiciary Plaza, 450 Fifth Street N.W., Washington D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549 at prescribed rates. Because we file documents electronically with the SEC, you may also obtain this information by visiting the SEC's Internet website at http://www.sec.gov.

WPCS INTERNATIONAL INCORPORATED

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FINANCIAL STATEMENTS

The Financial Statements required by Item 304 of Regulation S-B are stated in U.S. dollars and are prepared in accordance with U.S. Generally Accepted Accounting Principles.
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders of
WPCS International Incorporated

We have audited the accompanying consolidated balance sheet of WPCS International Incorporated and Subsidiaries as of April 30, 2003, and the related consolidated statements of operations, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of WPCS International Incorporated and Subsidiaries as of April 30, 2003, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. COHN LLP

J.H. COHN LLP

Roseland, New Jersey
August 13, 2003

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
WPCS Holdings, Inc.

I have audited the accompanying consolidated statement of operations, changes in shareholders' equity and cash flows for the period November 15, 2001 (date of inception) to April 30, 2002, of WPCS Holdings, Inc. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of WPCS Holdings, Inc. for the year ended April 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

/S/ Leonard Friedman

Leonard Friedman

East Meadow, New York
July 1, 2002

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
(FORMERLY PHOENIX STAR VENTURES, INC.)

CONSOLIDATED BALANCE SHEET

APRIL 30, 2003

ASSETS

<TABLE>
<CAPTION>

<S> <C>

CURRENT ASSETS:	
Cash and cash equivalents	$ 167,547
Accounts receivable, net of allowance of $11,779	2,397,236
Costs and estimated earnings in excess of billings on uncompleted contracts	408,194
Inventory	77,775
Prepaid expenses	143,113
Deferred tax assets	70,000
Total current assets	3,263,865
PROPERTY AND EQUIPMENT	647,951
CUSTOMER LISTS, net of accumulated amortization of $41,000	499,000
GOODWILL	5,388,882
OTHER ASSETS	21,528
Totals	$ 9,821,226

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
(FORMERLY PHOENIX STAR VENTURES, INC.)

CONSOLIDATED BALANCE SHEET

APRIL 30, 2003

<TABLE>
<CAPTION>
LIABILITIES AND SHAREHOLDERS' EQUITY

<S>
<C>

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 1,278,443
Billings in excess of costs and estimated earnings on Uncompleted contracts	215,819
Current maturities of capital lease obligations	2,294
Current maturities of equipment loans payable	21,268
Note Payable, officer	100,000
Due to shareholders	58,207
Income taxes payable	23,700
Deferred income taxes, current portion	129,000
Total current liabilities	1,828,731
Capital lease obligations, net of current maturities	4,608
Deferred income taxes, net of current portion	527,000
Total Liabilities	2,360,339
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' EQUITY:	
Preferred Stock - $0.0001 par value, 5,000,000 shares authorized	

Series C Convertible Preferred Stock, 1,000 shares designated, 1,000 shares issued and outstanding at April 30, 2003, liquidation preference $1,000,000	-
Common Stock - $0.0001 par value, 30,000,000 shares authorized, 13,078,844 shares issued and outstanding at April 30, 2003	1,308
Additional paid- in capital	8,002,639
Accumulated deficit	(543,060)
Total shareholders' equity	7,460,887
Totals	$ 9,821,226

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
(FORMERLY PHOENIX STAR VENTURES, INC.)

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

<S>	Year Ended April 30, 2003 <C>	For the period November 15, 2001 (date of inception) to April 30, 2002 <C>
REVENUE	$ 5,422,858	$ 402,289
COSTS AND EXPENSES		
Cost of revenue	3,768,495	267,032
Selling expenses	27,741	4,857
General and administrative expenses	1,833,086	112,246
Provision for doubtful accounts	38,779	-
Depreciation and amortization	116,501	2,570
Total costs and expenses	5,784,602	386,705
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(361,744)	15,584
Provision for income taxes	(19,550)	(4,350)
NET (LOSS) INCOME	(381,294)	11,234
Imputed dividends accreted on Convertible Series B Preferred stock	(173,000)	-
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (554,294)	$ 11,234
Basic net (loss) income per common share	$ (0.05)	$ 0.00
Basic weighted average number of common shares outstanding	10,376,685	5,500,000

</TABLE>

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

<TABLE>
<CAPTION>
WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

(FORMERLY PHOENIX STAR VENTURES, INC.)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEAR ENDED APRIL 30, 2003 AND FOR THE PERIOD NOVEMBER 15, 2001 (DATE OF INCEPTION) TO APRIL 30, 2002

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	DEFICIT	EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Issuance of common stock (date of inception, November 15, 2001)	-	$ -	5,500,000	$550	$ 4,450	$ -	$ 5,000
Net income	-	-	-	-	-	11,234	11,234
BALANCE APRIL 30, 2002	-	-	5,500,000	550	4,450	11,234	16,234
Effects of reverse acquisition	250	1	1,025,632	103	(80,919)	-	(80,815)
Return and retirement of common stock in connection with reverse acquisition		-	(500,000)	(50)	50	-	-
Sale of Series B Preferred stock sold through private placement	455	-	-	-	455,000	-	455,000
Series B Preferred stock issued in consideration for payment of advances from stockholder and accounts payable	64	-	-	-	64,000	-	64,000
Conversion of Series A Preferred stock to common stock	(250)	(1)	3,000,000	300	(299)	-	-
Imputed Series B Preferred stock dividend attributable to beneficial conversion feature	-	-	-	-	173,000	(173,000)	-
Sale of Series C Preferred stock sold through private placement	1,000	-	-	-	1,000,000	-	1,000,000
Issuance of common stock for acquisition of Invisinet, Inc.	-	-	1,000,000	100	1,749,900	-	1,750,000
Issuance of common stock for acquisition of Walker Comm, Inc.	-	-	2,486,000	249	4,574,000	-	4,574,249
Conversion of Series B Preferred stock to common stock	(519)	-	567,212	56	(56)	-	-
Stock options granted to an officer in connection with the acquisition of Invisinet, Inc.					63,513	-	63,513
NET LOSS	-	-	-	-	-	(381,294)	(381,294)
BALANCE, APRIL 30, 2003	1,000	$ -	13,078,844	$ 1,308	$ 8,002,639	$(543,060)	$7,460,887

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
FORMERLY PHOENIX STAR VENTURES, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Year Ended	For the period November 15, 2001 (date of

	April 30, 2003	inception) to April 30, 2002
OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net (loss) income	$ (381,294)	$ 11,234
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	116,501	2,570
Provision for doubtful accounts	38,779	-
Gain on disposition of fixed assets	(2,085)	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(676,341)	(91,183)
Costs and estimated earnings in excess of billings on uncompleted contracts	(10,087)	-
Inventory	2,428	(7,974)
Prepaid expenses	(99,789)	-
Other Assets	(75)	(2,242)
Accounts payable and accrued expenses	182,614	93,866
Billings in excess of costs and estimated earnings on uncompleted contracts	(155,539)	-
Income taxes payable	19,550	5,403
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(965,338)	11,674
INVESTING ACTIVITIES:		
Proceeds from disposition of fixed assets	41,607	-
Acquisition of property and equipment	(3,065)	(20,895)
Proceeds from repayment of note receivable	172,514	
Acquisition of businesses, net of cash acquired	(375,993)	-
NET CASH USED IN INVESTING ACTIVITIES	(164,937)	(20,895)
FINANCING ACTIVITIES:		
Cash received in reverse acquisition	3,257	-
Proceeds from advances from officers	100,000	20,743
Proceeds from sale of preferred stock	1,455,000	-
Proceeds from issuance of common stock	-	5,000
Repayment of loans payable, shareholder	(20,743)	
Repayment of note payable, bank	(200,000)	-
Repayment of equipment loans payable	(53,169)	-
Repayments of capital lease obligations	(2,077)	(968)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,282,268	24,775

NET INCREASE IN CASH AND CASH EQUIVALENTS	151,993	15,554
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	15,554	-
	=============	=============
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 167,547	$15,554
	=============	=============

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
FORMERLY PHOENIX STAR VENTURES, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued

<TABLE>
<CAPTION>

	Year Ended April 30, 2003	For the period November 15, 2001 (date of inception) to April 30, 2002
<S>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 8,131	$640
	============	=============
Income taxes	$ 1,380	$200
	============	=============
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Equipment acquired under capital lease	$ 9,468	-
	============	
Issuance of 64 shares of Series B preferred stock as payment of advances from shareholder and accounts payable	$ 64,000	-
	============	
Imputed Series B preferred stock dividend attributable to a beneficial conversion feature	$ 173,000	-
	============	
Issuance of common stock for net non-cash assets received in acquisitions	$6,324,249	-
	============	
Conversion of Series A Preferred stock into common stock	$ 300	-
	============	
Conversion of Series B Preferred stock into common stock	$ 56	-
	============	
Stock options issued` relating to an acquisition	$ 63,513	
	============	
Earn-out consideration unpaid relating to an acquisition	$ 58,207	
	============	

The accompanying notes are an integral part of these consolidated financial statements
</TABLE>

NOTE 1 - BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of WPCS International Incorporated ("WPCS") and its wholly owned subsidiaries, WPCS Acquisition Corp. (which changed its name to WPCS Incorporated) ("Subsidiary"), Invisinet Inc. ("Invisinet") from November 13, 2002 (date of acquisition) and Walker Comm Inc. ("Walker") from December 30, 2002 (date of acquisition), collectively the "Company". For the period November 15, 2001 (date of inception) to April 30, 2002, the statement of operations, shareholders' equity and cash flows are that of WPCS Holdings, Inc. ("Holdings"), the accounting acquirer of the business of Phoenix Star Ventures, Inc. ("PSVI") as explained below.

The Company is a project engineering company that focuses on the implementation requirements of specialty communication systems, wireless fidelity ("WiFi") deployment and fixed wireless deployment. The Company provides a range of specialty communication services including project management, site design, structured cabling, product integration, network security, and technical support.

WPCS is the successor-consolidated entity formed by the merger, on May 17, 2002, of PSVI, Subsidiary, a newly formed, wholly owned subsidiary of PSVI and Holdings, a Delaware corporation.

On May 17, 2002, PSVI a publicly held "shell company", became the legal acquirer of Holdings by issuing 5,500,000 shares of its common stock to the shareholders of Holdings in exchange for all of the outstanding common shares of Holdings. The former shareholders of Holdings, immediately after the business combination, owned the majority of the combined companies. Accordingly, the business combination has been accounted for as a reverse acquisition, whereby, for accounting purposes, Holdings is the accounting acquirer and PSVI is the accounting acquiree. The consolidated financial statements of the Company include the accounts of PSVI since its acquisition. The cost of the acquisition approximated the fair value of the net assets of PSVI that were acquired, and accordingly, assets, liabilities and the outstanding preferred stocks of PSVI were initially recorded at historical carrying values.

On May 24, 2002, PSVI's principal shareholder returned 500,000 shares of its common stock to the Company, without compensation. Subsequently, these common shares were retired and cancelled.

On November 13, 2002, the Company acquired all of the outstanding shares of Invisinet from its shareholders in exchange for an aggregate of 1,000,000 newly issued shares of the Company's common stock. An additional 150,000 shares of the Company's common stock were to be issued to a shareholder, provided Invisinet achieved certain financial targets over a two year period beginning on the first anniversary date of the merger. On May 27, 2003, the Company and the shareholder mutually agreed to cancel the issuance of these shares and in exchange, issued options to purchase 300,000 shares of the Company's common stock.

NOTE 1 - BASIS OF PRESENTATION (continued)

On December 30, 2002, the Company acquired all of the outstanding shares of Walker in exchange for an aggregate of 2,486,000 newly issued shares of the Company's common stock and $500,000 cash consideration. An additional $500,000 is payable contingent upon Walker achieving certain net profits, to be paid in quarterly distributions equal to 75% of net income, which would increase the purchase price.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Principles of consolidation

All significant intercompany transactions and balances have been eliminated in these consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly-liquid investments with an original maturity of three months or less.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company reduces credit risk by placing its temporary cash and investments with major financial institutions with high credit ratings. At times, such amounts may exceed Federally insured limits. The Company reduces credit risk related to accounts receivable by routinely assessing the financial strength of its customers and maintaining an appropriate allowance for doubtful accounts based on its history of write-offs, current economic conditions and an evaluation of the credit risk related to specific customers.

Accounts Receivable

Accounts receivable are due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payment subsequently received on such receivables are credited to the allowance for doubtful accounts. Included in the accounts receivable is retainage receivable of $106,995 which is expected to be collected within one year.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of parts and supplies and is stated using the weighted average cost method.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for, using straight-line methods, in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Repairs and maintenance are charged to operations as incurred.

Goodwill

Effective May 1, 2002, the Company adopted Statement of Financial Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. In accordance with the guidelines of this accounting standard, goodwill and indefinite-lived intangible assets are no longer amortized but are assessed for impairment on at least an annual basis. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

SFAS No. 142 requires that goodwill be tested for impairment upon adoption and at least annually thereafter, utilizing a two-step methodology. The initial step requires the Company to determine the fair value of the business acquired (reporting unit)and compare it to the carrying value, including goodwill, of such business (reporting unit). If the fair value exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step.

The Company completed the initial step of impairment testing which indicated that no goodwill impairment existed as of April 30, 2003. The Company determined the fair value of the businesses acquired for purposes of this test primarily by using a discounted cash flow valuation technique. Significant estimates used in the valuation include estimates of future cash flows, both future short-term and long-term growth rates, and estimated cost of capital for purposes of arriving at a discount factor. Based on comparing this discounted cash flow model to the carrying value of the reporting units, no impairment was recognized in the consolidated statement of operations for the year ended April 30, 2003. On an ongoing basis, the Company expects to perform its annual impairment test during the fourth quarter absent any interim impairment indicators.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Company generates its revenue by providing project engineering and installation services for specialty communication systems, including wireless fidelity (WiFi) and fixed wireless deployment. The Company provides a range of specialty communication services including project management, site design, structured cabling, product integration, network security and technical support. These projects may require the integration of multiple communication components and engineering services in order to complete the project.

The Company records profits on these projects on a percentage-of-completion basis on the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. The Company includes in operations pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs, when the Company determines that it is responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

The Company has numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. The Company has a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenues and contract costs. However, current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting of Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The recognition of deferred tax assets is reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized. The ultimate realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings (loss) Per Share

Earnings (Loss) per common share is computed pursuant to SFAS No. 128, "Earnings Per Share" ("EPS"). Basic income (loss) per share is computed as net income (loss) available to common shareholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common stock issuable through stock options, restrictive stock awards, warrants and other convertible securities. At April 30, 2003, the Company had 1,000 shares of Series C Convertible Preferred Stock with potential conversion into 1,786,000 common shares of the Company as described in NOTE 12 and 77,000 stock options grants outstanding. Diluted EPS is not presented since the effect of the assumed exercise of options and the assumed conversion of the Series C convertible preferred stock would be antidilitive. At April 30, 2002, no potentially dilutive securities were outstanding.

Stock-Based Compensation Plans

The Company maintains a stock option plan, as more fully described in Note 11 to the consolidated financial statements, which is accounted for using the "intrinsic value" method pursuant to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and, accordingly, when the exercise price of an employee stock option granted by the Company is equal to or greater than the market price of the underlying stock on the date of grant, no compensation expense is recognized. Therefore, the Company has elected the disclosure only provisions of

SFAS No. 123, "Accounting for Stock-Based Compensation."

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. The most significant estimates relate to the calculation of percentage of completion on uncompleted contracts, allowance for doubtful accounts, valuation of inventory and life of customer lists. Actual results could differ from those estimates.

Recently issued accounting pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is effective for years beginning after June 15, 2002. SFAS No. 143 addresses legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal operation of a long-lived asset. The standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Any associated asset retirement costs are to be capitalized as part of the carrying amount of the long-lived asset and expensed over the life of the asset. The impact of the adoption of SFAS No. 143 is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued accounting pronouncements (continued)

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 clarifies accounting and reporting for assets held for sale, scheduled for abandonment or other disposal, and recognition of impairment loss related to the carrying value of long-lived assets. The Company has adopted SFAS No. 144 for the year beginning May 1, 2002. The adoption of SFAS 144 did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No.146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No.146 nullifies Emerging Issues Task Force Issue No. 94-3 and requires that a liability for a cost associated with and exit or disposal activity be recognized when the liability is incurred. This statement also establishes that fair value is the objective for initial measurement of the liability. SFAS No.146 is effective for exit or disposal activities that are initiated after December 31, 2002. The impact of the adoption of SFAS No. 146 is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2002, the FASB issued SFAS No.148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No.123." SFAS No.148 amends SFAS No.123,"Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value-based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock- based employee compensation. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in APB Opinion No.25 for the year ending April 30, 2003. The adoption of SFAS 148 did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued FASB Interpretation No.45, ("FIN No. 45") "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No.45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN No. 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN No.45 are effective for any guarantees issued or modified after December 31, 2002. The disclosure requirements are effective for financial statements of interim or annual periods ending December 15, 2002. The adoption of the disclosure requirements of FIN No. 45 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently issued accounting pronouncements (continued)

In January 2003, the FASB issued FASB Interpretation No.46 ("FIN No. 46") "Consolidation of Variable Interest Entities." In general, a variable interest entity is a corporation, partnership, trust, or any other legalstructure used for business purposes that either (a) does not have equity investors with voting rights or (b)has equity investors that do not provide sufficient financial resources for the entity to support its activities.A variable interest entity often holds financial assets, including loans or receivables real estate or other property. A variable interest entity may be essentially passive or it may engage in activities on behalf of another company. Until now, a company generally has included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN No.46 changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. FIN No. 46's consolidation requirements apply immediately to variable interest entities created or acquired after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year on interim period beginning after June 15, 2003. Certain of the disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company has not adopted FIN No.46 for the year ended April 30, 2003. The Company does not expect FIN 46 to have a material effect on its consolidated financial position, results of operations or cash flows.

In May 2003, the Financial Accounting Standards Board issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. The new statement requires that those instruments be classified as liabilities in statements of financial position. Most of the guidance in SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of our first quarter for fiscal 2004. The Company does not expect the adoption of this statement to have a material impact on its consolidated financial position, results of operations or cash flows.

NOTE 3 - ACQUISITIONS

Invisinet, Inc.

On November 13, 2002, the Company, through its newly formed, wholly-owned subsidiary, acquired all of the outstanding shares of Invisinet. Subsequently on that date, the subsidiary was merged with and into Invisinet, with Invisinet being the surviving corporation. Invisinet then became a wholly owned subsidiary of WPCS.

The acquisition of Invisinet broadens the Company's customer base and expands its technical resources capable of deploying wireless systems. WPCS concentrates its business in fixed wireless products and services, whereas Invisinet offers wireless fidelity (WiFi) deployment to its customers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - ACQUISITIONS (continued)

Invisinet (continued)

The aggregate consideration paid by WPCS for Invisinet was approximately $1,828,000. As a result of and at the effective time of the merger, all of the issued and outstanding shares of common stock of Invisinet were exchanged for aggregate merger consideration consisting of 1,000,000 shares of common stock of WPCS with a value of approximately $1,750,000, based on $1.75 per share, the average stock price a few days before after the announcement of the merger, and an additional $15,000 in acquisition costs.

In addition, as an inducement to enter into the merger agreement, the Company agreed to issue a shareholder of Invisinet, who is also the Executive Vice President of the Company, up to 150,000 shares of the Company's common stock, provided Invisinet achieved certain financial targets over a two year period beginning on the first anniversary date of the merger. On May 27, 2003, the

Company and the shareholder mutually agreed to cancel the issuance of these shares and in exchange, issued options to purchase 300,000 shares of the Company's common stock at an exercise price of $0.45 per share expiring in May 2008. These options were valued at $63,513 and accordingly, the Company increased goodwill and additional paid-in capital for the same amount at April 30, 2003.

The acquisition of Invisinet was accounted for under the purchase method of accounting in accordance with SFAS No. 141, "Business Combinations". Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill and (or) other intangible assets are recorded to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger.

A valuation of certain assets was completed, including property and equipment, list of major customers, and the Company internally determined the fair value of its other assets and liabilities. In determining the fair value of acquired assets, standard valuation techniques were used including the market and cost approaches. The initial purchase price allocation has been adjusted as a result of final valuation, with customer lists being valued at $150,000 resulting in a decrease in goodwill by that amount. Accordingly a deferred tax liability of $54,000 was recorded since the amortization of the customer list is not available as a tax deduction to the Company. The aggregate changes resulted in goodwill being decreased to $1,627,044 as of the acquisition date.

NOTE 3 - ACQUISITIONS (continued)

Invisinet (continued)

<TABLE>
<CAPTION>
The purchase price allocation has been calculated as follows:

<S>	<C>
Assets purchased	
Cash	$ 132,672
Accounts receivable	111,815
Note receivable	172,514
Inventory	5,228
Fixed assets	3,760
Other assets	1,445
Customer list	150,000
Goodwill	1,627,044
	2,204,478
Liabilities assumed	
Accounts payable	(321,965)
Deferred tax liability	(54,000)
	(375,965)
Purchase price	$ 1,828,513

</TABLE>
Customer lists are being amortized over a period of 5 years. The Company recorded amortization expense of $15,000 for the year ended April 30, 2003. Any future goodwill impairments are not deductible for income tax purposes.

Walker Comm, Inc.

On December 30, 2002, the Company, through its newly formed, wholly-owned subsidiary, acquired all of the outstanding common stock of Walker. Subsequently on that date, the subsidiary was merged with and into Walker, with Walker being the surviving corporation. Walker then became a wholly-owned subsidiary of WPCS.

The acquisition of Walker gives the Company the ability to provide specialty communication systems to its customers along with strengthening its project management capabilities.

The aggregate consideration paid by WPCS for Walker was $5,171,455 subject to further adjustment as explained below. As a result of and at the effective time of the merger, all of the outstanding shares of common stock, par value $1.00 per share, of Walker were exchanged for aggregate merger consideration consisting of $500,000 in cash and the common stock of WPCS with a value of $4,574,248, or 2,486,000 shares valued at $1.84 per share based on an average price a few days before and after the merger was announced and acquisition costs of $39,000. An additional $500,000 is payable, provided Walker achieves certain net profits, to be paid in quarterly distributions equal to 75% of net income. At April 30, 2003, $58,207 was payable to the Walker shareholders against this

earn-out provision. Accordingly, the goodwill was increased by $58,207.

NOTE 3 - ACQUISITIONS (continued)

Walker Comm (continued)

The acquisition of Walker was accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"). Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill and (or) other intangible assets are recorded to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger.

A valuation of certain assets was completed, including property and equipment, inventory, list of major customers, contract backlog and the Company internally determined the fair value of its other assets and liabilities. In determining the fair value of acquired assets, standard valuation techniques were used including the market and cost approaches. The initial purchase price allocation has been adjusted as a result of the final valuation relating to inventory, property and equipment and list of major customers. As a result of the changes in purchase price allocation, property and equipment has increased by $292,734, inventory has increased by $67,000, and customer lists by $390,000 resulting in a decrease in goodwill of $749,734. Accordingly, a deferred tax liability of $299,000 was recorded since depreciation and amortization on the step up in the basis of these assets are not deductible for income tax purposes. In addition, the Company has recorded a deferred tax asset of $70,000 for future tax deductible items. Additionally, Walker, which prior to the acquisition, used the cash basis of accounting for income taxes, changed its tax accounting method to accrual basis starting from the date of acquisition, thus resulting in a deferred tax liability of $303,000. The Company recorded these deferred tax assets and liabilities and increased the goodwill by a net amount of $532,000. The aggregate changes resulted in goodwill being decreased to $3,761,838 as of the acquisition date.

The purchase price allocation has been calculated as follows:

Assets purchased	
Cash	$ 45,335
Accounts receivable	1,556,677
Costs and estimated earnings in excess of billings on uncompleted contracts	398,107
Inventory	67,000
Fixed assets	727,876
Other assets	61,090
Customer lists	390,000
Deferred tax asset	70,000
Goodwill	3,761,838
	7,077,923

NOTE 3 - ACQUISITIONS (continued)

Walker Comm (continued)

Liabilities assumed	
Accounts payable	(658,673)
Note payable - Bank	(200,000)
Billings in excess of costs and estimated earnings on uncompleted contracts	(371,358)
Equipment loans payable	(74,437)
Deferred income taxes	(602,000)
	(1,906,468)
Purchase price	$ 5,171,455

===============

</TABLE>
Based on the final valuation, customer lists are being amortized over a period of 5 years. The Company recorded amortization expense of $26,000 for the year ended April 30, 2003. Any future goodwill impairments are not deductible for income tax purposes.

The following unaudited pro forma financial information presents the combined results of operations of WPCS, Invisinet and Walker, as if the acquisitions had occurred as of May 1, 2002, after giving effect to certain adjustments, including the issuance of WPCS common stock as part of the purchase price. Pro forma financial information for the year ended April 30, 2002 has not been presented as its presentation will produce distorting results since WPCS started operations on November 15, 2001. The pro forma financial information does not necessarily reflect the results of operations that would have occurred had WPCS, Invisinet and Walker been a single entity during such periods.

<TABLE>
<CAPTION>
Year ended April 30, 2003:

<S>	<C>
Revenues	$ 10,680,000
Net loss attributable to common shareholders	$ (1,760,000)
Weighted-average number of shares used in calculation of basic loss per share	12,571,474
Basic loss per share	$(0.14)

</TABLE>

NOTE 4 - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following: at April 30, 2003

<TABLE>
<CAPTION>

<S>	<C>
Costs incurred on uncompleted contracts	$ 4,077,019
Estimated contract profit	937,464
	5,014,483
Less: billings to date	4,822,108
	$ 192,375
Costs and estimated earnings in excess of billings	$ 408,194
Billings in excess of costs and estimated earnings on uncompleted contracts	(215,819)
	$ 192,375

</TABLE>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at April 30, 2003:

<TABLE>
<CAPTION>

<S>	Estimated useful life (years) <C>	Amount <C>
Furniture and fixtures	5 - 7	$ 33,606
Automobiles	5 - 7	303,568
Machinery and equipment	5	193,860
Leasehold improvements	3 - 10	167,190
		698,224
Less accumulated depreciation and amortization		50,273
		$ 647,951

</TABLE>

Depreciation expense for property and equipment for the year ended April 30, 2003 and for the period ended April 30, 2002 was approximately $75,500 and $2,600, respectively.

Property and equipment under capital leases totaled approximately $10,000 and

accumulated depreciation on such property and equipment aggregated approximately $2,800 at April 30, 2003.

NOTE 6 - LINE OF CREDIT

The Company had a $200,000 line of credit with a bank, which matured on March 26, 2003. The line of credit provided for an interest rate of 3.4% and was collateralized by a $200,000 certificate of deposit, At the maturity date, the loan was paid back by the certificate of deposit.

NOTE 7- DUE TO OFFICER

The Company owes $100,000 to an officer. This loan bears interest at 5.75% and is due on or before February 12, 2004.

NOTE 8 - RELATED PARTY TRANSACTIONS

In connection with the acquisition of Walker, the Company assumed a ten-year lease with trusts, of which, certain officers of the Company are the trustees, for a building and land located in Fairfield, California, which is occupied by its Walker subsidiary. The lease requires for initial monthly rental payments of $6,934, with annual increases, calculated using the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area Consumer Price Index. For the period December 30, 2002 (date of acquisition) through April 30, 2003, $29,000 was paid as rent for this lease.

NOTE 9 - RETIREMENT PLANS

Walker participates in an employee savings plan under Section 401(k) of the Internal Revenue Code pursuant to which eligible employees may elect to defer a portion of their annual salary by contributing to the plan. Contributions by Walker are made at the discretion of the Board of Directors. There were no contributions made for the year ended April 30, 2003 and none for 2002, since Walker's results of operations are not included in these financial statements.

The Company also contributes to multi-employer pension plans which provide benefits to union employees covered by collective bargaining agreements. General and administrative expenses include approximately $239,000 for such costs and none for 2002, since Walker's results of operations are not included in these financial statements.

NOTE 10 - INCOME TAXES

The provision for income taxes for the year ended at April 30, 2003 and period ended April 30, 2002 is summarized as follows:

	2003	2002
Current		
Federal	$ -	$ -
State	19,550	4,350
Deferred		
Federal	-	-
State	-	-
Totals	$ 19,550	$ 4,350

NOTE 10 - INCOME TAXES (continued)

The actual provisions for income taxes reflected in the consolidated statements of operations for the year ended April 30, 2003, and the period ended April 30, 2002, differ from the amounts computed at the federal statutory tax rates. The principal differences between the statutory income tax expense and the effective provision for income taxes are summarized as follows:

<TABLE>
<CAPTION>

	2003	2002
<S>	<C>	<C>
Expected tax benefit at statutory rate (34%)	$ (122,000)	$

		-
State and local taxes, net of federal tax benefit	19,550	4,350
Increase in valuation allowance	122,000	-
Totals	$ 19,550	$ 4,350

The tax effects of temporary differences which give rise to deferred tax assets and liabilities at April 30, 2003 is summarized as follows:

Net operating loss carryforward	$ 54,000
Deferred tax assets	
Allowance for doubtful accounts	26,000
Federal benefit of deferred state tax liabilities	44,000
Valuation allowance	(54,000)
Net deferred tax assets - current	70,000
Deferred tax liabilities	
Sec 481(a) adjustment for cash to accrual basis of accounting	
- current	(100,000)
- long term	(201,000)
Non-deductible amortization of purchase price	
Inventory - current	(29,000)
Fixed assets- long term	(111,000)
Customer lists- long term	(215,000)
Total	(656,000)
Net deferred tax liabilities	$(586,000)

NOTE 10 - INCOME TAXES (continued)

The Company has net operating loss carryforwards for Federal tax purposes approximating $72,000, expiring through 2023. The Company has net operating loss carryforward for State tax purposes approximating $328,000 expiring through 2010. Due to the uncertainty of recognizing a tax benefit on these losses, the Company has provided a valuation allowance against these deferred tax assets.

NOTE 11 - STOCK OPTION PLAN

The Company established a nonqualified stock option plan pursuant to which options to acquire a maximum of 5,000,000 shares of the Company's common stock were reserved for grant (the "2002 Plan"). Under the terms of the 2002 Plan, the options, which expire five years after grant, are exercisable at prices equal to the fair market value of the stock at the date of the grant and become exercisable in accordance with terms established at the time of the grant. At April 30, 2003, there were 4,923,000 shares available for grant under the 2002 Plan.

The following is a summary of activity with respect to stock options granted under the 2002 Plan:

	Shares	Price per share	Weighted-average price per share
May 1, 2002	-	-	-
Granted	77,000	$1.35 to $1.66	$1.45

Balance outstanding at April 30, 2003	77,000

</TABLE>

The following table summarizes the stock options outstanding and exercisable at April 30, 2003:
<TABLE>
<CAPTION>

	Options outstanding		Options exercisable	
Exercise Prices	Shares Under option	Weighted-average remaining life in years	Shares	Exercise price
<S>	<C>	<C>	<C>	<C>
$1.35	50,000	4.42	4,166	$1.35
$1.37	2,000	4.58	500	$1.37
$1.66	25,000	4.92	6,250	$1.66
Total	77,000		10,916	

</TABLE>
The weighted-average fair value on the grant date was $0.87 for options granted during the year ended April 30, 2003. Prior to May 1, 2002, the Company granted no options.

NOTE 11 - STOCK OPTION PLAN (continued)

The Company applies the intrinsic value method in accounting for its stock-based compensation plan. Had the Company measured compensation under the fair value based method for stock options granted, the Company's net loss attributable to common shareholders and net loss per share attributable to common shareholders for the year ended April 30, 2003 would have been as follows:
<TABLE>
<CAPTION>

Net loss attributable to common shareholders	
<S>	<C>
As reported	$ (554,294)
Pro forma	$ (564,286)
Net loss per share attributable to common shareholders	
As reported	$ (0.05)
Pro forma	$ (0.05)

</TABLE>

The fair value of each option grant was estimated on the date of grant using the Black-Scholes Option pricing model with the following assumptions for fiscal 2003: Risk-free interest rate of 2%, dividend yield of 0%, expected life of 5 years and volatility of 71.6%.

NOTE 12 - SHAREHOLDERS' EQUITY

Preferred Stock

Series B Convertible Preferred Stock

On May 15, 2002, the Board of Directors of the Company adopted and created a series of preferred stock consisting of 1,000 shares designated as Series B Convertible Preferred Stock ("Series B Preferred Stock"). Each share of Series B Preferred Stock has a liquidation preference of $1,000 and does not accrue any dividends. The Series B Preferred Stock is convertible into the Company's common stock, at the option of the holder, at any time after the 30th calendar day the Company receives payment in full. Each share of preferred stock is convertible at a basis of $1,000 per share at a conversion price equal to 75% of the average market price of the common stock for ten days prior to the date of conversion. Among other provisions, the number of shares issuable upon conversion may not be less than 1,000 shares or greater than 4,000 shares of common stock.

Between May 24, 2002 and June 11, 2002, the Company sold 455 shares of Series B Preferred Stock through a private placement and received proceeds of $455,000. Additionally, the Company issued 64 shares to a shareholder of the Company as payment for advances from shareholder and accounts payable totaling $64,000.

Based on the conversion price of 75% of market value, the Company recorded a beneficial conversion feature of $173,000 for the 519 Series B Preferred Stock issued as an imputed preferred stock dividend.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - SHAREHOLDERS' EQUITY (continued)

Preferred Stock (continued)

On December 13, 2002, all Series B Preferred Stock was converted to 567,212 shares of the Company's common stock.

Series C Convertible Preferred Stock

On November 10, 2002, the Board of Directors of the Company adopted and created a series of preferred stock consisting of 1,000 shares designated as Series C Convertible Preferred Stock (" Series C Preferred Stock"). The Series C Preferred Stock is convertible into the Company's common stock, at the option of the holder, at any time after the day the Company receives payment in full. Each share of Series C Preferred Stock is convertible into 800 shares of the Company's common stock. Each share of Series C Preferred Stock has a liquidation preference of $1,000 and does not accrue any dividends.

In addition, the Company may repurchase the outstanding Series C Preferred Stock within one year following the date on which the Company issues and receives payment in full, at a price of $1,200 per share.

On December 6, 2002, the Company issued 1,000 shares of Series C Preferred Stock in a private placement and received proceeds of $1,000,000. At April 30, 2003, the Company has not repurchased any of this Series C Preferred Stock.

As an inducement for the subscribers to purchase the Series C Preferred Stock, a majority shareholder who is the Company's Chairman and Chief Executive Officer agreed to: (1) refrain from selling any of the Company's common stock held by him until November 13, 2003, and (2) to return to treasury up to 2,690,000 shares of the Company's common stock held by him if certain financial covenants were not by the Company for the fiscal year ended April 30, 2003. The Company complied with all such financial covenants at April 30, 2003 and none of the shares were returned to treasury.

In the event the Company issues shares of its common stock during the two calendar years following the Issuance Date in a private placement for cash consideration of less than $1.25 per share, each share of Series C Preferred Stock is convertible into the number of shares of common stock equal to $1,000 divided by the price per share at which the Company issued common stock in the private placement. On June 25, 2003, as described in Note 15, the Company offered shares of its common stock in a private placement at $.56 per share. Accordingly, the Series C Preferred Stock is convertible into 1,786,000 common shares of the Company.

Common Stock

On December 1, 2001, the Company issued 5,500,000 common shares to its sole shareholder and received proceeds of $5,000.

On May 23, 2002, all of the 250 shares of Series A preferred stock, which had been issued by PSVI prior to the reverse acquisition, were converted into 3,000,000 shares of the Company's common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 - SEGMENT REPORTING

The Company's reportable segments are determined based upon the nature of the services, the external customers and customer industries and the sales and distribution methods used to market the products. The Company has two reportable segments: wireless infrastructure services and specialty communication systems. The Company evaluates performance based upon (loss) income before income taxes. Corporate includes corporate salaries and external professional fees, such as accounting, legal and investor relations costs which are not allocated to the other subsidiaries. Corporate assets include cash, prepaid expenses, and deferred tax assets. Segment reporting commenced after the Company acquired Walker in December 2002. Prior to that date, the Company operated as only one segment. Segment results for the years ended April 30, 2003 and 2002 are as follows:
<TABLE>
<CAPTION>

	CORPORATE	WIRELESS	SPECIALTY

Total

		INFRASTRUCTURE	COMMUNICATIONS	
For the year ended April 30, 2003				
<S>	<C>	<C>	<C>	<C>
Revenue	$ -	$ 1,850,300	$ 3,572,558	$ 5,422,858
Net loss before income taxes	$ (223,211)	$ (61,185)	$ (77,348)	$ (361,744)
Goodwill		$ 1,627,044	$ 3,761,838	$ 5,388,882
Total assets	$ 136,963	$ 2,753,206	$ 6,931,057	$ 9,821,226
Depreciation and amortization	$ -	$ 21,543	$ 94,958	$ 116,501
For the year ended April 30, 2002				
Revenue	$ -	$ -	$ -	$ 402,289
Net income before income taxes	$ -	$ -	$ -	$ 15,584

</TABLE>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Employment Agreements

On August 2, 2002, the Company entered into a three-year employment contract with a shareholder who is the Chairman and Chief Executive Officer of the Company. Upon each one year anniversary of the agreement, the agreement will automatically renew for another three years from the anniversary date. The base salary under the agreement is $150,000 per annum plus benefits.

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

Employment Agreements (continued)

On November 13, 2002, the Company entered into a two-year employment contract with an option to renew for an additional year, with the President of Invisinet, who is also an Executive Vice President of the Company. The base salary under the agreement is $120,000 per annum, plus benefits.

On December 30, 2002, the Company entered into a four-year employment contract with an option to renew for an additional year, with the President of Walker, who is also an Executive Vice President of the Company. The base salary under the agreement is $140,000 per annum, plus benefits.

On December 30, 2002, the Company entered into a four-year employment contract with an option to renew for an additional year, with the Chief Operating Officer of Walker, who is also a Director of the Company. The base salary under the agreement is $140,000 per annum, plus benefits.

On July 15, 2003, the Company entered into a three-year employment agreement with the Chief Financial Officer of the Company. The base salary under the agreement is $120,000, per annum, plus benefits.

Litigation

The Company from time to time is subject to certain legal proceedings and claims which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or cash flows of the Company.

Lease Commitments

The Company leases its office (see Note 8) facilities pursuant to non-cancelable operating leases expiring through February 2011. The minimum rental commitments under these non-cancelable leases, at April 30, 2003 are summarized as follows:

Year ending April 30,	
2004	$ 154,000
2005	107,000

2006	94,000
2007	97,000
2008	100,000
Thereafter	299,000
Total minimum lease payments	$ 851,000

Rent expense for all operating leases was approximately $100,000 and $10,000 in 2003 and 2002, respectively.

Walker Comm, Inc. Acquisition

In connection with the acquisition of Walker, an additional $500,000 is payable to the Walker shareholders, provided Walker achieves certain net profits, to be paid in quarterly distributions equal to 75% of net income. At April 30, 2003, $58,207 was payable to the Walker shareholders against this earn-out provision. Accordingly, goodwill was increased by $58,207.

NOTE 15 - SUBSEQUENT EVENTS

On May 1, 2003 and May 27, 2003, the Company granted options to purchase 1,350,000 shares of its common stock to certain consultants. The options have exercise prices ranging from $0.45 to $1.50. Of this, 50,000 options expire on May 1, 2005 and the remaining 1,300,000 options expire on May 27, 2004. The Company has valued these options at approximately $129,000 and will charge the general and administrative expenses for the year ended April 30, 2004.

On June 24, 2003, the Company announced that it had entered into a letter of intent to acquire Clayborn Contracting Group in a cash and stock transaction valued at approximately $3 million. The proposed terms of the acquisition include:

- the payment of $900,000 at closing;
- the issuance at closing of such number of shares of our common stock as equals $1,000,000, based on the market price of the stock at the time of closing; and
- $1,100,000, payable by the delivery to the Clayborn shareholders of 50% of the post tax net income of Clayborn, payable on a quarterly basis.

A definitive agreement with respect to acquisition has not been executed to date and there can be no assurance that such acquisition will be completed on the foregoing terms, or at all. The acquisition of Clayborn will provide the Company additional wireless opportunities, expansion of it's customer base, and access to additional project engineers.

On June 25, 2003, (and amended July 24, 2003), the Company offered in a private placement, up to 100 units (the Units) for sale to accredited investors at a price of $25,000 per Unit (the Offering). The Offering is on a "best efforts" basis of a minimum offering of $1,000,000 and a maximum offering of $2,500,000. Each Unit consists of (i) 44,444 shares of the Company's common stock, and (ii) warrants to purchase 44,444 shares of common stock, exercisable for a period of three years at an exercise price of $0.90 per share (the Warrants). The Warrants may be redeemed in whole or in part at the option of the Company, if the closing price of the Company's common stock is at least $1.25 per share on average for 10 consecutive trading days, ending not earlier than 30 days before the Warrants are called for redemption. In connection with the offering, the placement agent was issued warrants to purchases 665,000 shares of the Company's common stock, exercisable for a period of three years, at an exercise price of $0.75 per share. As of July 31, 2003, the Company sold 40 units and received proceeds of $898,000, net of offering expenses.

On August 13, 2003, all 1000 Series C Preferred shares were converted into 1,786,000 shares of the Company's common stock.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	JANUARY 31, 2004	APRIL 30, 2003

	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,094,422	$ 167,547
Accounts receivable, net of allowance of $16,696 and $11,779 at January 31, 2004 and April 30, 2003, respectively	3,286,681	2,397,236
Costs and estimated earnings in excess of billings on uncompleted contracts	972,564	408,194
Inventory	72,324	77,775
Prepaid expenses	219,818	143,113
Income tax refund receivable	104,765	--
Deferred income taxes	--	70,000
Total current assets	5,750,574	3,263,865
PROPERTY AND EQUIPMENT, net	902,059	647,951
CUSTOMER LISTS, net	418,000	499,000
GOODWILL	7,967,593	5,388,882
OTHER ASSETS	84,162	21,528
Total assets	$15,122,388	$9,821,226

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

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,956,486	$1,278,443
Billing in excess of costs and estimated earnings on uncompleted contracts	883,065	215,819
Borrowings under line of credit	100,000	--
Current maturities of capital lease obligation	2,472	2,294
Current maturities of equipment loans payable	19,623	21,268
Due to officer	--	100,000
Due to shareholders	1,203,016	58,207
Income taxes payable	19,517	23,700
Deferred income taxes	196,100	129,000
Total current liabilities	4,380,279	1,828,731
Capital lease obligation, net of current portion	2,731	4,608
Equipment loans payable, net of current portion	35,839	--
Deferred income taxes, net of current portion	416,900	527,000
Total liabilities	4,835,749	2,360,339
COMMITMENTS		
SHAREHOLDERS' EQUITY:		
Preferred Stock - $0.0001 par value, 5,000,000 shares authorized, none issued		
Common Stock - $0.0001 par value, 30,000,000 shares authorized, 20,135,690 shares and 13,078,844 shares issued and outstanding, respectively	2,014	1,308

Additional paid-in capital	11,262,012	8,002,639
Accumulated deficit	(977,387)	(543,060)
Total shareholders' equity	10,286,639	7,460,887
Total liabilities and shareholders' equity	$15,122,388	$9,821,226

</TABLE>

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

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended January 31, 2004	Nine Months Ended January 31, 2003
<S>	<C>	<C>
REVENUE	$ 13,874,616	$ 2,185,739
COSTS AND EXPENSES		
Cost of revenue	10,084,508	1,812,515
Selling, general and administrative expenses	3,930,352	889,982
Provision for doubtful accounts	35,669	26,285
Depreciation and amortization	254,214	18,680
Total Costs and Expenses	14,304,743	2,747,462
LOSS BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	(430,127)	(561,723)
Income tax benefit (provision)	(4,200)	--
NET LOSS	(434,327)	(561,723)
Imputed dividends accreted on Convertible Series B Preferred stock	--	(173,000)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (434,327)	$ (734,723)
Basic net loss per common share	$ (0.02)	$ (0.08)
Basic weighted average number of common shares outstanding	17,573,786	9,505,337

</TABLE>

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

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JANUARY 31, 2004
(UNAUDITED)

<TABLE>
<CAPTION>

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, MAY 1, 2003	1,000	$0	13,078,844	$1,308	$8,002,639	($543,060)	$7,460,887
Conversion of Series C Preferred Stock to common stock	(1,000)	-	1,786,000	179	(179)	-	

-

Issuance of common stock through private placement	-	-	4,444,400	444	2,204,247	-	2,204,691
Issuance of common stock, acquisition of Clayborn Contracting Group, Inc.	-	-	826,446	83	867,685	-	867,768
Fair value of stock options granted to nonemployees	-	-	-	-	187,620	-	187,620
Net loss	-	-	-	-	-	(434,327)	(434,327)
BALANCE, JANUARY 31, 2004	0	$0	20,135,690	$2,014	$11,262,012	($977,387)	$10,286,639

</TABLE>

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

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended January 31, 2004	2003
OPERATING ACTIVITIES :		
<S>	<C>	<C>
Net loss	$ (434,327)	$ (561,723)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	254,214	18,680
Provision for doubtful accounts	35,669	26,285
Fair value of stock options granted	187,620	--
Deferred income taxes	(156,800)	--
Deferred tax asset	70,000	--
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(349,310)	108,236
Costs and estimated earnings in excess of billings on uncompleted contracts	(332,808)	(695,838)
Inventory	5,451	(112,355)
Prepaid expenses	(30,134)	(161,023)
Other assets	(11,536)	--
Accounts payable and accrued expenses	255,801	658,474
Billings in excess of costs and estimated earnings on uncompleted contracts	658,377	(48,662)
Income taxes payable	(4,183)	6,500
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	148,034	(761,426)
INVESTING ACTIVITIES:		
Acquisition of property & equipment	(57,142)	(787)

Acquisition of Clayborn, net of cash received	(822,381)	--
Acquisition earn-out and other transaction costs	(394,211)	(374,709)
NET CASH USED IN INVESTING ACTIVITIES	(1,273,734)	(375,496)
FINANCING ACTIVITIES:		
Cash received in reverse acquisition	--	3,257
Restricted cash	--	(200,000)
Repayment of advances from officers	(100,000)	(20,743)
Proceeds from sale of preferred stock	--	1,455,000
Proceeds from issue of common stock	2,204,691	--
Borrowings on line of credit	100,000	--
Repayment of equipment loans payable	(150,417)	(7,029)
Payments of capital lease obligations	(1,699)	(1,717)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,052,575	1,228,768
NET INCREASE IN CASH AND CASH EQUIVALENTS	926,875	91,846
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	167,547	15,554
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,094,422	$ 107,400

</TABLE>

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

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (continued)
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended January 31, 2004	2003
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 11,134	$ 2,875
Income taxes	$ 105,456	$ 353
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common stock for net noncash assets received in acquisitions	$ 867,768	$ 6,324,249
Earn-out consideration unpaid relating to acquisitions	$ 1,203,016	$ -
Equipment acquired under capital lease	$ -	$ 9,468
Issuance of 64 shares of Series B preferred stock as payment of advances from shareholder and accounts payable	$ -	$ 64,000
Imputed Series B preferred stock dividend attributable to a beneficial conversion feature	$ -	$ (173,000)
Conversion of Series A preferred stock to common stock	$ -	$ 300

Conversion of Series B preferred stock to common stock	$ -	$ 56

</TABLE>

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-QSB and do not include all of the information and footnote disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the fiscal year ended April 30, 2003. The accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of the management, considered necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods. Operating results for the three and nine month periods ended January 31, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending April 30, 2004. Certain reclassifications have been made to prior period financial statements to conform to the current presentation.

The accompanying unaudited condensed consolidated financial statements include the accounts of WPCS International Incorporated ("WPCS") and its wholly-owned subsidiaries, WPCS Incorporated , Invisinet Inc. ("Invisinet") from November 13, 2002 (date of acquisition), Walker Comm Inc. ("Walker") from December 30, 2002 (date of acquisition), and Clayborn Contracting Group, Inc. from August 22, 2003 (date of acquisition) collectively the "Company".

The Company is a project engineering company that focuses on the implementation requirements of specialty communication systems, wireless fidelity (WiFi) deployment and fixed wireless deployment. The Company provides a range of specialty communication services including project management, site design, structured cabling, product integration, network security and technical support.

On May 17, 2002, Phoenix Star Ventures, Inc.("PSVI") a publicly held "shell company", became the legal acquirer of WPCS Holdings, Inc. ("Holdings") by issuing 5,500,000 shares of its common stock to the shareholders of Holdings in exchange for all of the outstanding common shares of Holdings. The former shareholders of Holdings, immediately after the business combination, owned the majority of the combined companies. Accordingly, the business combination has been accounted for as a reverse acquisition whereby, for accounting purposes, Holdings is the accounting acquirer and PSVI is the accounting acquiree. The consolidated financial statements of the Company include the accounts of PSVI since its acquisition. The cost of the acquisition approximated the fair value of the net assets of PSVI that were acquired and, accordingly, assets, liabilities and the outstanding preferred stocks of PSVI were initially recorded at historical carrying values.

On May 24, 2002, PSVI's principal shareholder returned 500,000 shares of its common stock to the Company, without compensation. Subsequently, these common shares were retired and cancelled.

On November 13, 2002, the Company acquired all of the outstanding shares of Invisinet from its shareholders in exchange for an aggregate of 1,000,000 newly issued shares of the Company's common stock. An additional 150,000 shares of the Company's common stock were to be issued to a shareholder, provided Invisinet achieved certain financial targets over a two year period beginning on the first anniversary date of the merger. On May 27, 2003, the Company and the shareholder

mutually agreed to cancel the issuance of bonus shares and, in exchange, issued options to purchase 300,000 shares of the Company's common stock.

On December 30, 2002, the Company acquired all of the outstanding shares of Walker in exchange for an aggregate of 2,486,000 newly issued shares of the Company's common stock and $500,000 cash consideration. An additional $500,000 is payable contingent upon Walker achieving certain net profits, to be paid in quarterly distributions equal to 75% of net income, which would increase the purchase price. Through January 31, 2004, $484,638 has been charged to goodwill

relating to this earn-out provision.

On August 22, 2003, the Company acquired all of the outstanding shares of Clayborn in exchange for an aggregate of 826,446 newly issued shares of the Company's common stock and $900,000 cash consideration. An additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the quarterly post-tax profits of Clayborn.

NOTE 2 - SUMMARY OF SELECTED SIGNIFICANT ACCOUNTING POLICIES

A summary of selected accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Goodwill

Effective May 1, 2002, the Company adopted Statement of Financial Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." In accordance with the guidelines of this accounting standard, goodwill and indefinite-lived intangible assets are no longer amortized but are assessed for impairment on at least an annual basis. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

SFAS No. 142 requires that goodwill be tested for impairment upon adoption and at least annually thereafter, utilizing a two-step methodology. The initial step requires the Company to determine the fair value of the business acquired (reporting unit) and compare it to the carrying value, including goodwill, of such business (reporting unit). If the fair value exceeds the carrying value, no impairment loss would be recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the unit may be impaired. The amount, if any, of the impairment is then measured in the second step.

The Company determined the fair value of the businesses acquired for purposes of this test primarily by using a discounted cash flow valuation technique. Significant estimates used in the valuation include estimates of future cash flows, both future short-term and long- term growth rates, and estimated cost of capital for purposes of arriving at a discount factor. On an ongoing basis, the Company expects to perform its annual impairment test during the fourth quarter absent any interim impairment indicators.

Goodwill through the nine months ended January 31, 2004, consisted of the following:

Beginning balance, May 1, 2003	$5,388,882
Clayborn acquisition	2,139,690
Walker earn out provision	426,431
Transaction costs	12,590
Ending balance, January 31, 2004	$7,967,593

Revenue recognition

The Company generates its revenue by providing project engineering and deployment services for specialty communication systems, including wireless fidelity (WiFi) and fixed wireless systems. These projects may require the integration of multiple communication components and engineering services in order to complete the customer's requirements.

The Company records profits on these projects on a percentage-of-completion basis on the cost-to-cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. The Company includes in operations pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs, when the Company determines that it is responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

The Company has numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. The Company has a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenues and contract costs. However, current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated.

Earnings (Loss) Per Share

Earnings (Loss) per common share is computed pursuant to SFAS No. 128, "Earnings Per Share" ("EPS"). Basic income (loss) per share is computed as net income (loss) available to common shareholders divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common stock issuable through stock options and warrants. At January 31, 2004, the Company had 8,271,875 stock options and warrants outstanding. At January 31, 2003, 27,000 stock options were outstanding. Diluted EPS is not presented since the assumed exercise of stock options and warrants would be anti dilutive.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. The most significant estimates relate to the calculation of percentage of completion on uncompleted contracts, allowance for doubtful accounts, valuation of inventory and life of customer lists. Actual results could differ from those estimates.

NOTE 3- ACQUISITION

On August 22, 2003, the Company completed a merger with Clayborn Contracting Group, Inc, a California corporation ("Clayborn"). The acquisition of Clayborn gives the Company expertise in engineering and deployment services for specialty communication systems and additional wireless opportunities to pursue.

The aggregate consideration paid by the Company for Clayborn was approximately $2,925,000. The Company acquired all of the issued and outstanding shares of Clayborn in exchange for $900,000 cash consideration and $57,000 of transaction costs, and 826,446 newly issued shares of the Company's common stock with a fair value of approximately $868,000 based on the average value of the Company's common stock as of a few days before and after the merger terms were agreed to and announced. An additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the quarterly post tax profits of Clayborn. Based on the preliminary information currently available, the acquisition resulted in goodwill of approximately $2,140,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

The acquisition of Clayborn was accounted for under the purchase accounting method of accounting in accordance with SFAS No. 141, "Business Combinations." Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill and (or) other intangible assets are recorded to the extent the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger.

The preliminary purchase price allocation has been calculated as follows:

Assets purchased:	
Cash	$ 134,218
Accounts receivable	575,804
Costs in excess of billings	231,562
Income tax refunds receivable	104,765
Fixed assets	370,180
Other assets	97,669
Goodwill	2,139,690
	3,653,888
Liabilities assumed:	
Accounts payable	(294,992)
Accrued expenses	(136,119)
Notes payable	(184,611)
Deferred tax liability	(113,800)
	(729,522)
Purchase price	$ 2,924,366

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The following unaudited pro forma financial information presents the combined results of operations of the Company and Clayborn, as if the acquisition had occurred on May 1, 2003 and 2002, after giving effect to certain adjustments, including the issuance of the Company's common stock to Clayborn as part of the purchase price. The pro forma financial information does not necessary reflect the results of operations that would have occurred had the Company and Clayborn been a single entity during this period.

<TABLE>
<CAPTION>

	Nine months ended January 31,	
	2004	2003
<S>	<C>	<C>
Revenue	$15,407,595	$6,921,494
Net loss attributable to common shareholders	($562,635)	($609,264)
Weighted average number of shares used in calculations of basic loss per share	17,912,149	10,331,783
Basic net loss per share	($0.03)	($0.06)

</TABLE>

NOTE 4 - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following at January 31, 2004:

Costs incurred on uncompleted contracts	$12,373,509
Estimated contract profit	3,267,965
	15,641,474
Less: billings to date	15,551,975
Net costs in excess	$89,499

Costs and estimated earnings in excess of billings	$972,564
Billings in excess of costs and estimated earnings on uncompleted contracts	(883,065)
Net costs in excess	$89,499

NOTE 5 - RELATED PARTY TRANSACTIONS

In connection with the acquisition of Walker, an additional $500,000 is payable to the Walker shareholders, provided Walker achieves certain net profits, to be paid in quarterly distributions equal to 75% of net income. For the three months ended January 31, 2004, an additional $103,016 was payable to the Walker shareholders against this earn-out provision and, accordingly, goodwill was increased by $103,016. At January 31, 2004, the total payable to the Walker shareholders under this earn-out provision was $103,016.

In connection with the acquisition of Walker, certain officers of the Company are the trustees for a building and land located in Fairfield, California, which is occupied by its Walker subsidiary. For the nine months ended January 31, 2004, $42,000 was paid as rent for this lease.

In connection with the acquisition of Clayborn, an additional $1,100,000 is due by September 30, 2007, payable in quarterly distributions to the Clayborn shareholders, by payment of 50% of the quarterly post tax profits of Clayborn.

NOTE 6- LINE OF CREDIT

On October 29, 2003, Walker obtained a revolving line of credit facility with a commercial bank in the amount of $750,000. The borrowing limit is up to 70% of eligible Walker accounts receivable. As of January 31, 2004, the borrowing base was $750,000 and the outstanding balance was $100,000. The line of credit is collateralized by all of Walker's accounts receivable, inventory and equipment and bears interest at the Wall Street Journal Prime Index Rate plus 1.5% (5.50% as of January 31, 2004). In addition, the Company and certain executive officers of the Company have personally guaranteed this line of credit facility. This line is subject to annual renewal and matures on November 5, 2004. Accrued

interest is payable monthly.

NOTE 7 - STOCK OPTION PLAN

The Company established a nonqualified stock option plan pursuant to which options to acquire a maximum of 5,000,000 shares of the Company's common stock were reserved for grant (the "2002 Plan"). Under the terms of the 2002 Plan, the options, which expire one to five years after grant, are exercisable at prices equal to the fair market value of the stock at the date of the grant and become exercisable in accordance with terms established at the time of the grant. At January 31, 2004, there were 1,837,525 shares available for grant under the 2002 Plan.

The Company applies the intrinsic value method in accounting for its stock-based compensation plan pursuant to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and, accordingly, when the exercise price of an employee stock option granted by the Company is equal to or greater than the market price of the underlying stock on the date of grant, no compensation expense is recognized.

The Company has elected the disclosure only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation- Transition and Disclosure, an Amendment to of FASB Statement No. 123". Had the Company measured compensation under the fair value based method for stock options granted, the Company's net loss attributable to common shareholders and net loss per share attributable to common shareholders would have been as follows:

	Nine months ended January 31, 2004
Net loss attributable to common shareholders, as reported	($434,327)
Deduct: total stock-based employee compensation expenses determined under fair value based method for all awards, net of tax	(110,075)
Net loss per share attributable to common shareholders, pro forma	($544,402)
Net loss per share: basic	
As reported	($0.02)
Basic- pro forma	($0.03)

The fair value of each option grant was estimated on the date of grant using the Black-Scholes Option pricing model with the following assumptions: Risk-free interest rate range of 2.1% to 3.6%, dividend yield of 0%, term of five years and volatility of 71.0%.

NOTE 8- SHAREHOLDERS' EQUITY

On June 25, 2003, (and amended July 24, 2003), the Company offered in a private placement, up to 100 units (the "Units") for sale to accredited investors at a price of $25,000 per Unit (the "Offering"). Each Unit consists of (i) 44,444 shares of the Company's common stock and (ii) warrants to purchase 44,444 shares of common stock, exercisable for a period of three years at an exercise price of $0.90 per share (the "Warrants"). The Warrants may be redeemed in whole or in part at the option of the Company, if the closing price of the Company's common stock is at least $1.25 per share on average for 10 consecutive trading days, ending not earlier than 30 days before the Warrants are called for redemption. The Company sold all 100 Units from the Offering and received proceeds of $2,204,691, net of the placement agent commissions and other issuance costs. In connection with the Offering, the placement agent was issued Warrants to purchase 665,000 shares of the Company's common stock, exercisable for a period of three years, at an exercise price of $0.75 per share.

For the nine months ended January 31, 2004, the Company granted options to purchase 1,230,000 shares of its common stock to certain consultants. The

options have exercise prices ranging from $0.45 to $2.33, and vesting periods of one to five years. The Company has valued these options using the Black-Scholes Option pricing model and recorded $187,620 of expense for the nine months ended January 31, 2004.

On August 13, 2003, all 1,000 Series C Preferred shares were converted into 1,786,000 shares of the Company's common stock.

NOTE 9 - SEGMENT REPORTING

The Company's reportable segments are determined based upon the nature of the services, the external customers and customer industries and the sales and distribution methods used to market the products. The Company has two reportable segments: wireless infrastructure services and specialty communication systems. The Company evaluates performance based upon income (loss) before income taxes. Corporate includes corporate salaries and external professional fees, such as accounting, legal and investor relations costs which are not allocated to the other subsidiaries. Corporate assets include cash, prepaid expenses and deferred tax assets. Segment reporting commenced after the Company acquired Walker in December 2002. Prior to that date, the Company operated as only one segment.

Segment results for the nine months ended January 31, 2004 and 2003 are as follows:

<TABLE>
<CAPTION>

	Nine Months Ended January 31, 2004				Nine Months Ended January 31, 2003			
	Corporate	Wireless Infrastructure	Specialty Communication	Total	Corporate	Wireless Infrastructure	Specialty Communication	Total
Revenue	-	$2,477,117	$11,397,499	$13,874,616	-	$1,166,286	$1,019,453	$2,185,739
(Loss) income before income taxes	($777,028)	$11,442	$335,459	($430,127)	($289,423)	($180,023)	($92,277)	($561,723)
Goodwill	-	$1,632,544	$6,335,049	$7,967,593	-	$1,658,967	$3,921,366	$5,580,333
Total assets	$348,873	$2,781,569	$11,991,946	$15,122,388	$186,669	$2,595,905	$6,797,974	$9,580,548

</TABLE>

Independent Auditor's Report

Stockholders
Invisinet, Inc.
West Chicago, Illinois

We have audited the accompanying balance sheets of Invisinet, Inc. as of December 31, 2001 and 2000, and the related statements of loss and accumulated deficit and cash flows for the year ended December 31, 2001 and the period from July 10, 2000 (inception) through December 31, 2000.

We conducted our audits 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Invisinet, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the year ended December 31, 2001 and the period from July 10, 2000 (inception) through December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming Invisinet, Inc. will continue as a going concern. As more fully described in Note 2, the company has incurred operating losses since inception. These losses raise substantial doubt about the company' s ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Also, as discussed in Note 5, the company purchases the majority of its inventory from a company related through common ownership and management at terms that this related company offers to its best customers. In addition, a nonrecurring discretionary management fee charged in 2000 to another related company had a significant impact on earnings. The financial statements are not necessarily indicative of the results of operations or related effects on the financial position that would occur if the above related party transactions and relationships were not present.

/s/Blackman Kallick Bartelstein, LLP

Blackman Kallick Bartelstein, LLP

Chicago, Illinois
September 23, 2002

Invisinet, Inc.

Balance Sheets

December 31, 2001 and 2000

Assets

<TABLE>
<CAPTION>

	2001	2000
Current Assets		
Cash	$ 30,911	$ 119,656
Receivables (Net of allowance for doubtful accounts of $7,000 in 2001 and $5,000 in 2000)	99,861	211,401
Due from related party	-	63,577
Inventory (Net of valuation reserve of $14,825 in 2001 and $5,825 in 2000)	22,758	17,130
Prepaid expenses	5,117	-
Total Current Assets	158,647	411,764
Computer Equipment (Net of accumulated depreciation of $6,777 in 2001 and $2,825 in 2000)	10,730	17,507
Deposits	350	350
	$ 169,727	$ 429,621

Liabilities and Stockholder's Deficit

	2001	2000
Current Liabilities		
Note payable - Related party	$ 439,000	$ 439,000
Accounts payable		
Trade	28,906	18,035
Related party	111,339	181,291
Accrued expenses		
Salaries, wages and other compensation	5,735	16,596

	2001	2000
Other expenses and taxes	45,031	10,675
Total Current Liabilities	630,011	665,597
Stockholder's Deficit		
Common stock - $.01 par value; authorized - 10,000 shares; issued and outstanding - 1,000 shares	1,000	1,000
Accumulated deficit	(461,284)	(236,976)
Total Stockholder's Deficit	(460,284)	(235,976)
	$ 169,727	$ 429,621

</TABLE>

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

Invisinet, Inc.

Statements of Loss and Accumulated Deficit

Year Ended December 31, 2001 and Period from July 10, 2000 (Inception) through December 31, 2000

<TABLE>
<CAPTION>

<S>	<C> 2001	<C> 2000
Net Sales	$ 1,414,190	$ 531,817
Cost of Sales	1,170,638	426,180
Gross Profit	243,552	105,637
Operating Expenses	432,740	458,471
Loss from Operations	(189,188)	(352,834)
Other Expense (Income)		
Management fee income	-	(120,922)
Interest	35,120	5,064
Total Other Expense (Income), Net	35,120	(115,858)
Net Loss	(224,308)	(236,976)
Accumulated Deficit, Beginning of Period	(236,976)	-

Accumulated Deficit, End of Period	$ (461,284)	$ (236,976)

</TABLE>

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

Invisinet, Inc.

Statements of Cash Flows

Year Ended December 31, 2001 and Period from July 10, 2000 (Inception) through December 31, 2000

<TABLE>
<CAPTION>

	2001	2000
Cash Flows from Operating Activities		
Net loss	$ (224,308)	$ (236,976)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	6,777	2,825
Provision for losses on receivables - Customers	2,646	7,400
(Increase) decrease in		
Receivables	108,894	(218,801)
Due from (to) related party	63,577	(63,577)
Inventories	(5,628)	(17,130)
Prepaid expenses and deposits	(5,117)	(350)
Increase (decrease) in		
Accounts payable	(59,081)	178,994
Accrued expenses	23,495	27,271
Total Adjustments	135,563	(83,368)
Net Cash Used in Operating Activities	(88,745)	(320,344)
Cash Flows from Financing Activities		
Borrowings under line-of-credit - Related party	-	439,000
Proceeds from issuance of common stock	-	1,000
Net Cash Provided by Financing Activities	-	440,000
Net (Decrease) Increase in Cash	(88,745)	119,656
Cash, Beginning of Period	119,656	-
Cash, End of Period	$ 30,911	$ 119,656

</TABLE>

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

Note 1 - Industry Operations

The company is a value-added reseller of portable transaction computers that sells to end-users throughout the United States. The company grants credit to substantially all of its customers.

Note 2 - Going Concern

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America on a going-concern basis which assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The company has incurred operating losses since inception, which created a deficit in stockholder's equity as of December 31, 2001. The company' s continuation as a going concern is dependent upon attaining profitable operations and the ability to maintain adequate financing or capital. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Note 3 - Summary of Significant Accounting Policies

Cash

The company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. The company believes it is not exposed to any significant credit risk on cash.

Depreciation

The company's policy is to depreciate the cost of computer equipment over the estimated useful life of the asset, which is determined to be three years, by use of the straight-line method.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market, and consists primarily of finished goods on hand and demonstrator inventory on loan to customers.

Note 3 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Sales are recognized when the goods are shipped to the customers.

Income Taxes

The company has elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect income taxes, except for state replacement tax.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Note 4 - Note Payable - Related Party

The company has borrowings under a line-of-credit agreement with the majority stockholder in the amount of $439,000 as of December 31, 2001 and 2000.

Borrowings on this line bear interest at 8% per annum. Accrued interest on the note as of December 31, 2001 and 2000 was $40,184 and $5,064, respectively, and is included in accrued other expenses and taxes on the balance sheet. This note is automatically renewed for successive periods of one year unless written notice of termination is given prior to the renewal date of August 1st by the majority stockholder. In the event of any termination or nonrenewal by the majority stockholder, the note is due and payable in cash within ten business days after the date of termination and nonrenewal. As of December 31, 2001 and 2000, maximum additional borrowings under the line-of-credit were $61,000.

Note 5 - Related Party Transactions

The company pays a management fee to a company, related through common ownership and management, equivalent to approximately 2% of the company' s net sales, for the use of facilities, personnel and equipment. Management fees for the years ended December 31, 2001 and 2000 were approximately $28,000 and $24,907, respectively. The company also purchases the majority of its inventory from the same related company, at terms that this related company offers to its best customers. Purchases of inventory from the related company for the years ended December 31, 2001 and 2000 were approximately $759,000 and $314,000, respectively. In 2000, the company purchased computer equipment in the amount of $20,332 from the related company. The company owed approximately $111,339 and $181,291 to the related company as of December 31, 2001 and 2000, respectively.

In addition, the company charged a discretionary management fee to a separate company, related through common ownership and management, during 2000 of $120,922. The balance due from this related company was $0 and $63,577 as of December 31, 2001 and 2000, respectively.

The financial statements are not necessarily indicative of the results of operations or related effects on the financial position that would occur if the above related party transactions and relationships were not present.

See additional related party disclosures in Note 4.

Note 6 - Major Customers

For the year ended December 31, 2001, sales to one major customer amounted to more than 10% of total revenue. The amount of revenue from this customer was $195,698. There was no receivable balance due from this customer as of December 31, 2001.

For the year ended December 31, 2000, sales to two major customers amounted to more than 10% of total revenue. The amount of revenue from these customers was $78,511 and $69,453, respectively. The receivable balances to these major customers were $26,934 and $85, respectively.

Note 7 - Common Stock Restriction Agreement

The company's founding minority stockholder is obligated under a stock restriction agreement to forfeit his 150 shares in whole or in part if he ceases to be an employee of the company or an affiliate prior to July 10, 2004. The shares vest and become nonforfeitable on a pro rata basis of 25% per year beginning with July 10, 2001. As the shares had no significant value as of the date of issuance, no compensation expense has been recorded.

Stockholders
Invisinet, Inc.
West Chicago, Illinois

We have reviewed the accompanying balance sheet of Invisinet, Inc. as of September 30, 2002, and the related statements of loss and accumulated deficit and cash flows for the nine months ended September 30, 2002.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of

America.

The accompanying financial statements have been prepared assuming Invisinet, Inc. will continue as a going concern. As more fully described in Note 2, the company has incurred operating losses since inception. These losses raise substantial doubt about the company' s ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Also, as discussed in Note 5, the company purchases the majority of its inventory from a company related through common ownership and management at terms more favorable than those terms given to other customers. In addition, the company received management services and certain compensation at no charge in 2002 and also had some liability balances forgiven or assumed as part of a merger agreement effective September 30, 2002. See Notes 4, 5 and 8. The financial statements are not necessarily indicative of the results of operations or related effects on the financial position that would occur if the above related party transactions and relationships were not present.

/s/ Blackman Kallick Bartelstein, LLP
- ------------------------------------
Blackman Kallick Bartelstein, LLP

Chicago, Illinois
November 13, 2002

Invisinet, Inc.

Balance Sheet

September 30, 2002

Assets

<TABLE>
<CAPTION>

Current Assets	
<S>	<C>
Cash	$ 34,401
Receivables (Net of allowance for doubtful accounts of $13,000)	159,438
Due from related party	164,514
Inventory (Net of valuation reserve of $14,825)	13,286
Prepaid expenses	2,372

Total Current Assets	374,011
Computer Equipment (Net of accumulated depreciation of $12,530)	5,003
Deposits	350

	$ 379,364
	==============

Liabilities and Stockholder's Deficit

Current Liabilities	
Note payable - Related party	$ 600,000
Accounts payable	
Trade	222,120
Related party	14,372
Accrued expenses	4,928

Total Current Liabilities	

	841,420
Stockholder's Equity (Deficit)	
Common stock - $.01 par value; authorized - 10,000 shares; issued and outstanding - 1,000 shares	1,000
Additional paid-in capital	62,472
Accumulated deficit	(525,528)
Total Stockholder's Deficit	(462,056)
	$ 379,364

See accountants' review report.
The accompanying notes are an integral part of the financial statements.

Invisinet, Inc.

Statement of Loss and Accumulated Deficit

Nine Months Ended September 30, 2002

Net Sales	$ 891,242
Cost of Sales	680,203
Gross Profit	211,039
Operating Expenses	274,986
Loss from Operations	(63,947)
Interest Expense	(297)
Net Loss	(64,244)
Accumulated Deficit, Beginning of Period	(461,284)
Accumulated Deficit, End of Period	$ (525,528)

See accountants' review report.
The accompanying notes are an integral part of the financial statements.

Invisinet, Inc.

Statement of Cash Flows

Nine Months Ended September 30, 2002

<TABLE>
<CAPTION>
Cash Flows from Operating Activities

Net loss	$ (64,244)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	4,383
Provision for losses on receivables - Customers	6,000
(Increase) decrease in	
Receivables	(220,091)
Inventories	9,472
Prepaid expenses and deposits	2,745
Increase in	
Accounts payable	109,879
Accrued expenses	(5,654)
Total Adjustments	(93,266)
Net Cash Used in Operating Activities	(157,510)
Net Cash Provided by Financing Activities - Borrowings under line-of-c redit - Related party	161,000
Net Increase in Cash	3,490
Cash, Beginning of Period	30,911
Cash, End of Period	$ 34,401

</TABLE>

See accountants' review report.
The accompanying notes are an integral part of the financial statements.

Invisinet, Inc.

Notes to Financial Statements

Nine Months Ended September 30, 2002

Note 1 - Industry Operations

The company is a value-added reseller of portable transaction computers that sells to end-users throughout the United States. The company grants credit to substantially all of its customers.

Note 2 - Going Concern

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America on a going-concern basis which assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The company has incurred operating losses since inception, which created a deficit in stockholder's equity as of September 30, 2002. The company' s

continuation as a going concern is dependent upon attaining profitable operations and the ability to maintain adequate financing or capital. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

Note 3 - Summary of Significant Accounting Policies

Cash

The company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. The company believes it is not exposed to any significant credit risk on cash.

Depreciation

The company's policy is to depreciate the cost of computer equipment over the estimated useful life of the asset, which is determined to be three years, by use of the straight-line method.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market, and consists primarily of finished goods on hand and demonstrator inventory on loan to customers.

Revenue Recognition

Sales are recognized when the goods are shipped to the customers.

See accountants' review report.

Note 3 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The company has elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect income taxes, except for state replacement tax.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Note 4 - Note Payable - Related Party

The company has borrowings under a line-of-credit agreement with the majority stockholder in the amount of $600,000 as of September 30, 2002. Borrowings on this line bear interest at 8% per annum. In conjunction with the merger agreement (Note 8), the majority stockholder waived the accrual of interest of $30,633 for the nine months ended September 30, 2002. In addition, the majority stockholder forgave the remaining interest accrual of $40,184 with the amount being contributed to capital as of September 30, 2002. This note is automatically renewed for successive periods of one year unless written notice of termination is given prior to the renewal date of August 1st by the majority stockholder. In the event of any termination or nonrenewal by the majority stockholder, the note is due and payable in cash within ten business days after the date of termination and nonrenewal. As of September 30, 2002, there were no maximum additional borrowings available under the line-of-credit.

Note 5 - Related Party Transactions

The company pays a management fee to a company, related through common ownership and management, equivalent to approximately 2% of the company's net sales, for the use of facilities, personnel and equipment. The related company waived the management fee of approximately $13,000 for the nine months ended September 30, 2002, in connection with the merger described in Note 8 . The company also purchases the majority of its inventory from the same related company, at terms that this related company offers to its best customers. However, also in connection with the merger described in Note 8, the related company gave a

volume discount to the company of approximately $21,000 for the nine months ended September 30, 2002, which made the overall terms more favorable than those given to other customers. Purchases of inventory from the related company for the nine months ended September 30, 2002 was approximately $163,000. During the nine months ended September 30, 2002, the company sold computer equipment in the amount of $1,344 to the related company. The company owed approximately $14,372 to the related company as of September 30, 2002.

Note 5 - Related Party Transactions (Continued)

In addition, a company related through common ownership and management, assumed an outstanding customer receivable balance of $154,514 as of September 30, 2002. The balance is included in due from related party in the accompanying balance sheet.

The financial statements are not necessarily indicative of the results of operations or related effects on the financial position that would occur if the above related party transactions and relationships were not present.

See additional related party disclosures in Notes 4 and 8.

Note 6 - Major Customers

For the period ended September 30, 2002, sales to four major customers amounted to more than 10% of total revenue. The amount of revenue from each such customer was $162,514, $139,764, $99,514, and $96,839. The receivable balance from each customer was $0, $1,532, $53,521, and $35,978, respectively, as of September 30, 2002.

Note 7 - Common Stock Restriction Agreement

The company's founding minority stockholder is obligated under a stock restriction agreement to forfeit his 150 shares in whole or in part if he ceases to be an employee of the company or an affiliate prior to July 10, 2004. The shares vest and become nonforfeitable on a pro rata basis of 25% per year beginning with July 10, 2001. As the shares had no significant value as of the date of issuance, no compensation expense has been recorded.

Note 8 - Merger Agreement

The company entered into a merger agreement, with an un related company, on November 13, 2002 with an effective date as of September 30, 2002. As part of the agreement, the stockholders of the company, or a company owned by the majority stockholder, forgave or assumed the following accrued expenses owed by the company as of the beginning of the year, along with adjusting certain 2002 expenses as described in Note 5, as of September 30, 2002:

Interest	$	40,184
Legal fees		22,288
Total	$	62,472

The above forgiveness or assumption was treated as a contribution to capital by the stockholders.

Board of Directors
Invisinet, Inc.
West Chicago, Illinois

Our report on our review of the basic financial statements of Invisinet, Inc. for the nine months ended September 30, 2002 appears on page one. The review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying schedule of operating expenses is presented only for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in our review of the basic financial statements , and we are not aware of any material modification that should be made thereto.

November 13, 2002

Operating Expenses

Nine Months Ended September 30, 2002

Leased employees	$ 211,545
Bad debts	6,000
Bank and credit card fees	1,624
Depreciation	4,383
Insurance	2,180
Professional fees	23,377
Rent	2,103
Supplies	1,138
Telephone	7,829
Travel	13,078
Miscellaneous	1,729
Total	$ 274,986

See accountants' supplemental review report.

LEONARD FRIEDMAN
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East Meadow, New York 11554
Tel: (516) 735-0824 Fax: (516) 735-6301
E-mail: lenmar@optonline.net

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders of
Walker Comm, Inc.

I have audited the accompanying balance sheets of Walker Comm, Inc. as of December 31, 2001 and 2000, and the related statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walker Comm, Inc. as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ LEONARD FRIEDMAN
- --------------------
LEONARD FRIEDMAN

East Meadow, New York
February 5, 2003

WALKER COMM, INC.

BALANCE SHEETS

DECEMBER 31,

<TABLE>

<CAPTION>

ASSETS	2001	2000
CURRENT ASSETS		
Cash and cash equivalents	$ 137,863	$ 183,114
Contract receivable, net of allowance of $60,000 in 2001 and $35,000 in 2000	2,861,296	4,826,869
Costs and estimated earnings in excess of billings on uncompleted contracts	1,071,559	1,997,619
Insurance refund receivable and other current assets	401,345	25,662
Total current assets	4,472,063	7,033,264
PROPERTY AND EQUIPMENT, NET	469,194	430,626
OTHER ASSETS	23,827	10,271
Total Assets	$ 4,965,084	$ 7,474,161

</TABLE>

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

BALANCE SHEETS

DECEMBER 31,

<TABLE>
<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	2001	2000
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 775,774	$3,379,587
Billings in excess of costs and estimated earnings on uncompleted contracts	93,724	796,973
Current maturities of equipment loans payable	86,494	98,553
Income taxes payable	61,180	49,980
Total current liabilities	1,017,172	4,325,093
EQUIPMENT LOANS PAYABLE, less current maturities	44,484	118,183
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - no par value; 1,000 shares authorized; 100 shares issued and outstanding in 2001 and 2000, respectively	20,000	20,000
Retained earnings	3,883,428	3,010,885
Total Shareholders' Equity	3,903,428	3,030,885

Total Liabilities and Shareholders' Equity	$ 4,965,084	$ 7,474,161

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31,

	2001	2000
Contract revenue earned	$ 14,799,579	$23,665,896
Cost of revenue earned	11,137,763	19,584,117
Gross profit	3,661,816	4,081,779
Operating expenses		
Selling	45,749	59,812
General and administrative	2,413,750	1,947,929
Depreciation and amortization	187,055	176,176
Provision for bad debts	46,126	25,000
	2,692,680	2,208,917
Operating profit	969,136	1,872,862
Other income		
Interest income, net	14,607	12,487
Gain on disposition of fixed assets	-	7,280
	14,607	19,767
Earnings before income taxes	983,743	1,892,629
Income tax provision	11,200	28,330
NET INCOME	$ 972,543	$ 1,864,299

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2001 AND 2000

	CAPITAL	RETAINED

<TABLE>

<S>	STOCK	EARNINGS	TOTAL
Balance January 1, 2000	$ 20,000	$ 1,365,586	$ 1,385,586
Net Income for the year	-	1,864,299	1,864,299
Dividend distributions	-	(219,000)	(219,000)
Balance December 31, 2000	20,000	3,010,885	3,030,885
Net Income for the year	-	972,543	972,543
Dividend distributions	-	(100,000)	(100,000)
Balance December 31, 2001	$ 20,000	$ 3,883,428	$ 3,903,428

</TABLE>

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31,

<TABLE>
<CAPTION>

<S>	2001	2000
Cash flows from operating activities		
Net income	$ 972,543	$1,864,299
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	187,055	176,176
Provision for doubtful accounts	46,126	25,000
Changes in operating assets and liabilities:		
Contracts receivable	1,919,447	(3,484,494)
Costs and estimated earnings in excess of billings on uncompleted contracts	926,060	(942,129)
Insurance refund receivable and other assets	(389,239)	(18,154)
Accounts payable and accrued expenses	(2,603,813)	2,598,107
Billings in excess of costs and estimated earnings on uncompleted contracts	(703,249)	73,237
Income taxes payable	11,200	28,330
Net cash provided by operating activities	366,130	320,372
Cash flows used in investing activities		
Acquisition of property and equipment	(225,623)	(289,722)
Net cash used in investing activities	(225,623)	(289,722)
Cash flows from financing activities		
Proceeds from equipment loans payable	18,600	180,438
Repayment of equipment loans payable	(104,358)	(103,143)
Dividends paid	(100,000)	(219,000)
Net cash used in financing activities	(185,758)	(141,705)

	2001	2000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,251)	(111,055)
Cash and cash equivalents, beginning of year	183,114	294,169
Cash and cash equivalents, end of year	$ 137,863	$ 183,114

</TABLE>

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Walker Comm, Inc. (the "Company") is engaged in the business of fiber optics, data and voice cable installation. The Company was incorporated in 1997 and is headquartered in Fairfield, California with satellite offices in Livermore and Rocklin, California.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly liquid investments with an original maturity of three months or less.

2. Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for, using straight-line and accelerated methods, in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leased property under capital leases is amortized over the shorter of the service lives of the assets or the term of the lease. Repairs and maintenance are charged to operations as incurred.

3. Revenue recognition on Long-term Contracts

The Company records profits on long-term contracts on a percentage-of-completion basis on the cost to cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. The Company includes pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs when the Company determines that it is responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

The Company has numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. The Company has a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenues and contract costs. However, current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated. The elapsed time from award of a contract to completion of performance may be up to two years.

NOTE A (continued)

4. Contracts receivable

In accordance with terms of long-term contracts, certain percentages of billings are withheld by customers until completion and acceptance of the contracts. In conformity with industry practice, however, the full amount of accounts receivable, including such amounts withheld, has been included in current assets.

5. Income Taxes

The Company has elected to be treated as an "S" Corporation under the applicable sections of the Internal Revenue Code. In general, corporate income or loss of an "S" Corporation is allocated to the Stockholders for inclusion in their personal Federal Income tax returns. Accordingly, there is no provision for Federal income tax in the accompanying financial statements.

The Company has also elected to be treated as an "S" Corporation for California state income tax purposes. However, the State of California does impose a tax on "S" Corporation income at a reduced rate and, accordingly, a provision for such tax is included in the accompanying financial statements.

6. Uses of Estimates and Fair Value of Financial Instruments

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates are used when accounting for long-term contracts including customer and vendor claims, depreciation, employee benefit plans, taxes, and expected recoveries and contingencies, among others. Actual results could differ from those estimates.

Management of the Company believes that the fair value of financial instruments, consisting of cash, contracts receivable and debt, approximates carrying value due to the immediate or short-term maturity associated with its cash and accounts receivable and the interest rates associated with its debt.

NOTE B - CONTRACTS RECEIVABLE

Contracts receivable consist of the following at December 31,

<TABLE>
<CAPTION>

<S>	2001 <C>	2000 <C>
Contract billing	$2,571,346	$3,999,927
Retention on contracts	349,950	861,942
	2,921,296	4,861,869
Less: reserve for uncollectible accounts	60,000	35,000
	$2,861,296	$4,826,869

</TABLE>

NOTE C - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following at December 31,

<TABLE>
<CAPTION>

<S>	2001 <C>	2000 <C>
Costs incurred on uncompleted contracts	$6,741,687	$15,856,213
Estimated contract profit	2,289,485	2,674,688
	9,031,172	18,530,901
Less: billings to date	8,053,337	17,330,255
	977,835	1,200,646
Costs and estimated earnings in excess of billings	1,071,559	1,997,619
Billings in excess of costs and estimated earnings on uncompleted contracts	(93,724)	(796,973)
	$ 977,835	$ 1,200,646

</TABLE>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	Estimated useful life (years)	2001	2000
Furniture and equipment	5 - 7	$ 30,286	$19,688
Automobiles	5 - 7	558,726	535,441
Computer equipment	3 - 5	251,473	198,918
Leasehold improvements	3 - 10	149,012	7,746
		989,497	761,793
Less accumulated depreciation and amortization		520,301	331,167
		$ 469,196	$ 430,626

Depreciation and amortization expense for property and equipment for the years ended December 31, 2001 and 2000 was approximately $187,055 and $176,176, respectively.

NOTE E - NOTES PAYABLE

Notes payable at December 31, 2001 and 2000 consist of the following:

	2001	2000
Note payable to credit unions and banks with principal and interest due monthly through February 2004, interest rates, fixed and variable, ranging from 6.20% to 9.15%, collateralized by vehicles	$ 130,978	$ 216,736
Less: current maturities	86,494	98,553
Long-term debt	$ 44,484	$ 118,183

Related interest expense for the years ended December 31, 2001 and 2000 was $14,598 and $17,514, respectively.

NOTE F - LINE OF CREDIT

On July 10, 2002, the Company renewed its revolving credit agreement with a major bank that provided for a borrowing facility not to exceed $1,500,000. At December 31, 2001 this credit agreement had a borrowing facility of $1,000,000. There were no borrowings outstanding under the agreement as of that date. The agreement is secured by all assets of the Company along with the personal guarantees by the two major shareholders of the Company.

NOTE G - RELATED PARTY TRANSACTIONS

On March 1, 2001, the Company entered into a ten year lease with shareholder Gary R. Walker and Donald C. and Anita G. Walker for a building and land located in Fairfield, California, which will serve as the Company's headquarters. The lease calls for initial monthly rental payments of $6,934, with annual increases, calculated using the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area Consumer Price Index.

NOTE H - MAJOR CUSTOMERS

Contract revenue for the years ended December 31, 2001 and 2000 include amounts from one major customer which accounted for 19% and 48% respectively, of the total contract revenue in those years. There were four and two other major customers, during 2001 and 2000 respectively, each of which accounted for 6% or more of the total contract revenue of the Company for those periods.

NOTE I - RETIREMENT PLAN AND CONTIGENCY

The Company contributes to union-sponsored multi-employer retirement plans in accordance with negotiated labor contracts. The retirement plans cover all of the Company's union employees, which represent substantially all of the Company's employees. Contributions, which are based on varying rates for the hours worked by the employees, totaled $260,634 and $366,473 for the years ended December 31, 2001 and 2000, respectively.

Governmental regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. As of December 31, 2001, the Company's multi-employer plans are fully funded. The Company does not anticipate withdrawal from the plans, nor is the Company aware of any expected plan terminations.

NOTE J - COMMITMENTS AND CONTINGENCIES

Litigation

The Company from time to time is subject to certain legal proceedings and claims which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company.

Lease Commitments

The Company leases its main office (see Note G) and sales office facilities pursuant to non-cancelable operating leases expiring through February 2011. The minimum rental commitments under these non-cancelable leases, at December 31, 2001, are summarized as follows:

<TABLE>
<CAPTION>

Year ending December 31,	
2002	$ 152,615
2003	151,265
2004	91,000
Thereafter	597,000
Total minimum lease payments	$ 991,880
Less current maturities	

</TABLE>

Rent expense for all operating leases was $157,242 and $65,681 in 2001 and 2000, respectively.

NOTE L - SUBSEQUENT EVENT

On December 30, 2002, the Board of Directors of the Company approved an Agreement and Plan of Merger with WPCS International, Inc. The merger closed effective December 30, 2002. The change in ownership resulting from the merger constitutes an event of default under the line of credit agreement with the Bank referred to in Note F.

WALKER COMM, INC.

CONDENSED BALANCE SHEETS

<TABLE>
<CAPTION>

September 30, 2002	December 31, 2001

	(Unaudited)	
ASSETS		
CURRENT ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 306,005	$ 137,863
Contract receivable, net of allowance of $85,000 in 2002 and $60,000 in 2001	1,554,484	2,861,296
Costs and estimated earnings in excess of billings on uncompleted contracts	540,808	1,071,559
Insurance Refund Receivable and other current assets	378,444	401,345
Total current assets	2,779,741	4,472,063
PROPERTY AND EQUIPMENT, NET	467,499	469,194
OTHER ASSETS	21,809	23,827
Total Assets	$3,269,049	$4,965,084

</TABLE>

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

CONDENSED BALANCE SHEETS

<TABLE>
<CAPTION>

	September 30, 2002 (Unaudited)	December 31, 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
<S>	<C>	<C>
Accounts payable and accrued expenses	$557,810	$775,774
Billings in excess of costs and estimated earnings on uncompleted contracts	152,423	93,724
Current maturities of equipment loans payable	70,317	86,494
Income taxes payable	61,180	61,180
Total current liabilities	841,730	1,017,172
EQUIPMENT LOANS PAYABLE, less current maturities	26,557	44,484
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock - no par value; 3,000 shares authorized; 100 shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	20,000	20,000
Retained earnings	2,380,762	3,883,428
Total Shareholders' Equity	2,400,762	3,903,428

Total Liabilities and Shareholders' Equity	$3,269,049	$4,965,084

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

CONDENSED STATEMENTS OF OPERATIONS

	Nine months ended September 30, 2002	2001
Contract revenue earned	$5,815,286	$11,018,475
Cost of revenue earned	5,427,259	8,938,699
Gross profit	388,027	2,079,776
Operating expenses		
Selling	36,397	42,639
General and administrative	1,463,792	1,617,289
Depreciation and amortization	146,542	134,931
Provision for bad debts	25,600	62,830
	1,672,331	1,857,689
Operating profit (loss)	(1,284,304)	222,087
Other income		
Interest income, net	1,638	11,439
	1,638	11,439
Earnings (loss) before income taxes	(1,282,666)	233,526
Income tax provision	-	-
NET INCOME (LOSS)	$(1,282,666)	$ 233,526

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

CONDENSED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2002	2001

Cash flows from operating activities

<S> <C> <C>

Net income (loss)	$ (1,282,666)	$ 233,526
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	146,542	134,931
Provision for doubtful accounts	25,600	62,830
Changes in operating assets and liabilities		
Contracts receivable	1,281,812	861,685
Costs and estimated earnings in excess of billings on uncompleted contracts	530,751	975,915
Prepaid expenses and other assets	24,919	(30,090)
Accounts payable and accrued expenses	(217,964)	(1,670,948)
Billings in excess of costs and estimated earnings on uncompleted contracts	58,699	(271,485)
Net cash provided by (used in) operating activities	567,693	296,364
Cash flows used in investing activities		
Acquisition of property and equipment	(145,447)	(217,742)
Net cash used in investing activities	(145,447)	(217,742)
Cash flows from financing activities		
Proceeds from equipment loans payable	32,017	18,600
Repayment of equipment loans payable	(66,121)	(79,932)
Dividends paid	(220,000)	(100,000)
Net cash used in financing activities	(254,104)	(161,332)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	168,142	(82,710)
Cash and cash equivalents, beginning of year	137,863	183,114
Cash and cash equivalents, end of year	$ 306,005	$ 100,404

</TABLE>

The accompanying notes are an integral part of these statements.

WALKER COMM, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

September 30, 2002

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial reporting and Securities and Exchange Commission ("SEC") regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of the management, the unaudited interim consolidated financial statements reflect all adjustments, consisting of normal recurring items, necessary to fairly present the results of operations, financial position and cash flows for the periods presented. The

results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in this Form 8-K/A (Amendment No. 1) for the year ended December 31, 2001 and 2000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Walker Comm, Inc. (the "Company") is engaged in the business of fiber optics, data and voice cable installation. The Company was incorporated in 1997 and is headquartered in Fairfield, California with satellite offices in Livermore and Rocklin, California.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Revenue recognition on Long-term Contracts

The Company records profits on long-term contracts on a percentage-of-completion basis on the cost to cost method. Contracts in process are valued at cost plus accrued profits less earned revenues and progress payments on uncompleted contracts. Contracts are generally considered substantially complete when engineering is completed and/or site construction is completed. The Company includes pass-through revenue and costs on cost-plus contracts, which are customer-reimbursable materials, equipment and subcontractor costs when the Company determines that it is responsible for the engineering specification, procurement and management of such cost components on behalf of the customer.

The Company has numerous contracts that are in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. The Company has a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenues and contract costs. However, current estimates may be revised as additional information becomes available. If estimates of costs to complete long-term contracts indicate a loss, provision is made currently for the total loss anticipated. The elapsed time from award of a contract to completion of performance may be up to two years.

NOTE 2 (continued)

2. Income Taxes

The Company has elected to be treated as an "S" Corporation under the applicable sections of the Internal Revenue Code. In general, corporate income or loss of an "S" Corporation is allocated to the Stockholders for inclusion in their personal Federal Income tax returns. Accordingly, there is no provision for Federal income tax in the accompanying financial statements.

The Company has also elected to be treated as an "S" Corporation for California state income tax purposes. However, the State of California does impose a tax on "S" Corporation income at a reduced rate.

3. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates are used when accounting for long-term contracts including customer and vendor claims, depreciation, employee benefit plans, taxes, and expected recoveries and contingencies, among others. Actual results could differ from those estimates.

NOTE 3 - CONTRACTS RECEIVABLE

Contracts receivable consist of the following at September 30, 2002 and December 31, 2001:

Contract billing	$1,593,602	$2,571,346
Retention on contracts	45,882	349,950

	1,639,484	2,921,296
Less: reserve for uncollectible accounts	85,000	60,000
	$1,554,484	$2,861,296

NOTE 4 - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Costs and estimated earnings on uncompleted contracts consist of the following at September 30, 2002 and December 31, 2001:

	September 30, 2002	December 31, 2001
Costs incurred on uncompleted contracts	$ 4,068,735	$ 6,741,687
Estimated contract profit	483,781	2,289,485
	4,552,516	9,031,172
Less: billings to date	4,164,131	8,053,337
	388,385	977,835
Costs and estimated earnings in excess of billings	540,808	1,071,559
Billings in excess of costs and estimated earnings on uncompleted contracts	(152,423)	(93,724)
	$ 388,385	$ 977,835

NOTE 5 - SUBSEQUENT EVENT

On December 30, 2002, the Board of Directors of the Company approved an Agreement and Plan of Merger with WPCS International, Inc. The merger closed effective December 30, 2002.

To the Board of Directors

CLAYBORN CONTRACTING GROUP, INC.
Auburn, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of CLAYBORN CONTRACTING GROUP, INC. as of September 30, 2002 and 2001, and the related statements of income and retained earnings, cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of CLAYBORN CONTRACTING GROUP, INC. as of September 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

/s/ Burnett + Company LLP

Burnett + Company LLP

Rancho Cordova, California
September 15, 2003

CLAYBORN CONTRACTING GROUP, INC.

BALANCE SHEETS

September 30, 2002 and 2001

ASSETS	2002	2001
CURRENT ASSETS		
Cash and cash equivalents	$ 459,580	$ 33,702
Cash held in lieu of retentions	19,170	66,209
Contract receivables	678,284	756,901
Costs and estimated earnings in excess of billings	319,726	198,938
Prepaid expenses	48,329	27,536
Prepaid income tax	15,224	30,405
Total current assets	1,540,313	1,113,691
EQUIPMENT, net of accumulated depreciation of $458,242 and $331,695, for 2002 and 2001, respectively	368,918	453,905
OTHER ASSETS	55,265	37,150
Total assets	$ 1,964,496	$ 1,604,746

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

LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001
CURRENT LIABILITIES		
Accounts payable	$ 517,688	$ 404,997
Accrued expenses	176,036	50,431
Current maturity of long-term debt	47,735	49,890
Billings in excess of costs and estimated earnings	8,092	34,382
Income taxes payable	13,882	0
Deferred income taxes	76,000	94,500
Total current liabilities	839,433	634,200
LONG-TERM LIABILITIES		
Long-term debt, net of current maturity	123,604	150,450
Deferred income taxes	44,000	19,500
Total long-term liabilities	167,604	169,950
Total liabilities	1,007,037	804,150
STOCKHOLDERS' EQUITY		
Common stock, no par value, 50,000 shares authorized, 1,000 shares issued and outstanding	100,000	100,000
Retained earnings	857,459	700,596
Total stockholders' equity	957,459	800,596
Total liabilities and stockholders' equity	$ 1,964,496	$ 1,604,746

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

CLAYBORN CONTRACTING GROUP, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Year Ended September 30, 2002 and 2001

<TABLE>
<CAPTION>

<S>	2002 <C>	2001 <C>
CONTRACT REVENUE	$ 6,059,117	$ 5,059,214
COST OF SALES	4,612,703	3,917,962
Gross profit from contracting	1,446,414	1,141,252
GENERAL AND ADMINISTRATIVE EXPENSES	1,178,827	888,840
Income from operations	267,587	252,412
OTHER INCOME (EXPENSE)		
Loss on sale of assets	(3,311)	(6,986)
Interest income	5,117	22,192
Interest expense	(12,717)	(10,416)
Total other income (expenses)	(10,911)	4,790
Income before taxes	256,676	257,202
PROVISION FOR INCOME TAXES	99,813	105,000
NET INCOME	156,863	152,202
RETAINED EARNINGS, beginning of year	700,596	548,394
RETAINED EARNINGS, end of year	$ 857,459	$ 700,596

</TABLE>

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

CLAYBORN CONTRACTING GROUP, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended September 30, 2002 and 2001

<TABLE>
<CAPTION>

CASH FLOWS FROM OPERATING ACTIVITIES <S>	2002 <C>	2001 <C>
Net income	$ 156,863	$ 152,202
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	136,633	122,822
Loss on sale of assets	3,311	6,986
Appreciation in cash surrender value of life insurance	(6,115)	(10,902)
(Increase) decrease in assets:		
Contract receivables	66,617	(327,315)
Costs and estimated earnings in excess of billings	(120,788)	(63,313)
Prepaid expenses	(20,793)	(5,342)
Prepaid income tax	15,181	(30,405)
Increase (decrease) in liabilities:		
Accounts payable	112,691	136,254
Accrued expenses	125,605	(24,812)
Billings in excess of costs and estimated earnings	(26,290)	28,838
Income taxes payable	13,882	(22,200)
Deferred income taxes	6,000	53,000
Other assets	0	2,687
Net cash provided by operating activities	462,797	18,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(41,064)	(158,215)
Proceeds from sale of assets	25,075	13,000
Decrease (increase) in cash held in lieu of retentions	47,039	(66,209)
Proceeds from employee receivable	0	1,900

Net cash provided by (used in) investing activities	31,050	(209,524)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(67,969)	(56,545)
NET INCREASE (DECREASE) IN CASH	425,878	(247,569)
CASH, beginning of year	33,702	281,271
CASH, end of year	$ 459,580	$ 33,702
SUPPLEMENTAL DISCLOSURES REGARDING CASH FLOWS		
Cash paid for interest	$ 12,717	$ 10,416
Cash paid for income taxes	$ 64,750	$ 104,605

</TABLE>

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company's Activities - Clayborn Contracting Group, Inc. ("the Company") is engaged in electrical and heavy construction primarily in the public works sector. The work is performed under fixed price bid contracts. The Company performs the majority of their work in Northern and Central California.

Estimates and Assumptions - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Basis for Recording Income - The Company records income on construction contracts using the percentage-of-completion method of accounting based on the proportion of costs incurred on the contract to total estimated contract costs, except that material estimated losses which are apparent prior to completion are provided for in their entirety. No profit is taken into income until a contract has reached a stage of completion sufficient to reasonably determine, in the opinion of management, the ultimate realizable profit. Base percentages which range from 1% to 5%, depending on the type of contract, are generally used to determine when a sufficient stage of completion has been reached. Claims for additional contract compensation due the Company are not reflected in the accounts until the year in which such claims are allowed. As contracts extend over one or more periods, revisions in estimated costs and profits are reflected in the accounting period in which the facts which require the revisions become known.

Cost of sales includes all direct labor and labor costs, materials, subcontractors, equipment costs and other costs related to contract performance, such as indirect labor, supplies, tools and repairs. General and administrative costs are charged to expense as incurred.

The asset, "Costs and estimated earnings in excess of billings," represents revenues recognized in excess of amounts billed on construction contracts in progress. The liability, "Billings in excess of costs and estimated earnings," represents billings in excess of revenues recognized on construction contracts in progress.

Financial Statement Classification - In accordance with normal practice in the construction industry, the Company includes in current assets and liabilities amounts realizable and payable over a period in excess of one year. Consistent with this practice, asset and liability accounts relating to construction contracts, including related deferred income taxes, are classified as current. The lives of the contracts entered into by the Company generally range from three to eighteen months.

Cash and Cash Equivalents - For financial statement purposes, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued
Concentration of Credit Risk - The Company maintains cash balances in excess of Federal Deposit Insurance Corporation insurable limits.

The Company performed a significant amount of work for one customer, comprising approximately 75% of outstanding contract receivables as of September 30, 2002. The Company performed a significant amount of work for two customers, comprising approximately 82% of outstanding contract receivables as of September 30, 2001. Contract revenue earned from one customer was approximately 62% and 56% of total contract revenue for the years ended September 30, 2002 and 2001, respectively.

Contract Receivables - The Company writes off contract receivables when uncollectible and payments subsequently received on such receivables are credited to revenue. Included in contract receivables is retainage receivable of $107,579 and $164,551 for the years ended September 30, 2002 and 2001, respectively, which is expected to be collected within one year.

Equipment - Equipment is recorded at cost and includes improvements that significantly add to its productivity or extend its useful life. Costs of maintenance and repairs are charged to expense. Upon retirement or disposal of equipment, the costs and related depreciation are removed from the accounts, and gain or loss, if any, is reflected in the earnings for both financial statement and income tax reporting purposes. Depreciation is provided for using the straight-line method. The estimated useful lives used for calculating depreciation for equipment classifications are as follows:

	Lives
Automotive equipment	5-7 Years
Construction equipment	5-7 Years
Office equipment	7-10 Years

Income Taxes - For income tax purposes, the Company reports income on the completed contract method of accounting. Under this method, billings and costs are accumulated during the period of construction, but profits or losses are not recorded until completion of the contracts.

Straight-line and accelerated depreciation are used for tax reporting purposes. Assets purchased after December 31, 1986, are subject to modified ACRS rules under the guidelines of the Tax Reform Act of 1986 (TRA 86).

Deferred income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. Significant differences between the financial statement amounts and the tax basis for the Company arise from the recording of depreciation and the recognition of income from construction contracts. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period of enactment.

2. CASH HELD IN LIEU OF RETENTIONS
In exchange for the early release of retentions on various contracts, escrow accounts have been established in the amounts of $19,170 and $66,209 at September 30, 2002 and 2001, respectively.

3. COSTS AND ESTIMATED EARNINGS ON CONSTRUCTION CONTRACTS IN PROGRESS
Costs and estimated earnings on construction contracts in progress contrast related billings at September 30, 2002 and 2001 as follows:
<TABLE>
<CAPTION>

	2002	2001
<S>	<C>	<C>
Cost of sales to date	$ 928,866	$ 868,308
Gross profit to date	219,809	269,333
Earned contract revenue	1,148,675	1,137,641
Contract billings to date	837,041	973,085

	2002	2001
Net under billings	$ 311,634	$ 164,556

Included in the accompanying balance sheet under the following captions:

	2002	2001
Costs and estimated earnings in excess of billings	$ 319,726	$ 198,938
Billings in excess of costs and estimated earnings	(8,092)	(34,382)
Net under billings	$ 311,634	$ 164,556

</TABLE>

4. EQUIPMENT

Equipment consists of the following as of September 30:

<TABLE>
<CAPTION>

<S>	2002 <C>	2001 <C>
Automotive equipment	$ 409,409	$ 397,659
Construction equipment	382,594	351,030
Office equipment	35,157	36,911
Subtotals	827,160	785,600
Less accumulated depreciation	458,242	331,695
Totals	$ 368,918	$ 453,905

</TABLE>

Depreciation charged to equipment costs and general and administrative expenses amounted to $121,789 and $14,844, respectively, for the year ended September 30, 2002, and $106,337 and $16,485 respectively, for the year ended September 30, 2001.

5. LINES OF CREDIT

The Company has an unsecured revolving line of credit with Wells Fargo Bank, due on demand with interest at prime plus 1.00% per annum, which expired March 10, 2003 and was subsequently renewed until March 10, 2004. The line of credit available with Wells Fargo Bank is $250,000. As of September 30, 2002 and 2001, there was no balance due.

The Company has a second line of credit with Wells Fargo Bank to finance equipment purchases. Upon the use of this line of credit, equipment purchases are financed in separate term notes (Note 6). The amounts financed under this credit facility bear interest at the bank's current fixed or variable rate in effect when the individual equipment is financed. The line of credit available annually is $200,000. Balances of $161,032 and $182,407 were available on the line of credit as of September 30, 2002 and 2001, respectively. The line of credit expired on March 5, 2003 and was subsequently renewed until March 5, 2004.

6. LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>
<CAPTION>

<S>	Interest Rate <C>	2002 <C>	2001 <C>
General Motors Acceptance Corporation, secured by automotive equipment, aggregate monthly principal and interest payments of $834, due through January 2005	6.90% to 8.49%	$ 13,916	$ 27,853
Wells Fargo Bank, secured by equipment, aggregate monthly principal and interest payments of $4,252, due through September 2007	6.65% to 8.90%	141,593	151,751

Chrysler Financial Corporation, secured by automotive equipment, monthly principal and interest payments of $423, due November 2005	0.90%	15,830	20,736
Current maturity of long-term debt		47,735	49,890
Long-term debt, net of current maturity		$ 123,604	$ 150,450

</TABLE>

Aggregate maturities on long-term debt are as follows:

Year Ending September 30:	2002	2001
2002	$ 0	$ 49,890
2003	47,735	45,153
2004	48,913	46,175
2005	43,415	40,477
2006	22,274	18,645
2007	9,002	0
	$ 171,339	$ 200,340

</TABLE>

CLAYBORN CONTRACTING GROUP, INC.

NOTES TO THE FINANCIAL STATEMENTS

7. PROVISION FOR INCOME TAXES

The provision for income taxes consists of the following for the year ended September 30:

<TABLE>
<CAPTION>

<S>	<C> 2002	<C> 2001
Current tax expense	$ 93,813	$ 52,000
Deferred tax expense	6,000	53,000
Total provision for income taxes	$ 99,813	$ 105,000

The September 30, 2002 and 2001 income tax expense differed from the amounts computed by applying the federal statutory income tax rate of 34% to the pre-tax net income as a result of the following:

	2002	2001
Federal tax at the statutory rate	$ 87,300	$ 87,400
State income taxes, net of federal tax benefit	15,000	15,000
Utilization of tax credits	(5,500)	0
Permanent differences	4,400	2,800
Other	(1,387)	(200)
	$ 99,813	$ 105,000

The components of the temporary differences that give rise to significant portions of the deferred tax liabilities are as follows:

	2002	2001
Contract revenue recognition	$ 79,500	$ 98,300
Depreciation	44,000	19,500

Other	(3,500)	(3,800)
-		
Net deferred tax liabilities	$ 120,000	$ 114,000

</TABLE>

8. EMPLOYEE PROFIT SHARING PLAN
The Company has an employee profit sharing plan under Section 401(k) covering eligible employees. The Company matches 25% of employee deferrals up to 3% of wages. The Company's contribution for the year ended September 30, 2002 and 2001 amounted to $7,256 and $7,814, respectively, and is included in employee benefits in general and administrative expenses.

9. LITIGATION
From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company. The Company's management is currently not aware of any such legal proceedings or claims that they believe will have, individually or in the aggregate, a material adverse affect on the Company's financial condition or operating results.

10. SUPPLEMENTAL DISCLOSURES REGARDING CASH FLOWS
Non-cash investing and financing activities for the years ended September 30, 2002 and 2001 consisted of the acquisition of equipment through long-term debt totaling $38,968 and $170,805, respectively.

11. SUBSEQUENT EVENT
In August 2003, the Board of Directors of the Company approved an Agreement and Plan of Merger with WPCS International Incorporated ("WPCS"). The merger closed effective August 22, 2003. The change in ownership resulting from the merger constitutes an event of default under the line of credit agreement with the Bank referred to in Note 5. WPCS acquired all of the issued and outstanding shares of the Company in exchange for $900,000 cash consideration and 826,446 newly issued shares of WPCS common stock. An additional $1,100,000 is payable by delivery to the Company shareholders of 50% of the post tax profits of the Company, payable in quarterly distributions.

CLAYBORN CONTRACTING GROUP, INC.

CONDENSED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	(unaudited) June 30, 2003	September 30, 2002
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 298,069	$ 459,580
Cash held in lieu of retentions	45,760	19,170
Contract receivables	569,462	678,284
Costs and estimated earnings in excess of billings	128,807	319,726
Prepaid expenses	9,787	48,329
Prepaid income tax	3,224	15,224
Total current assets	1,055,109	1,540,313
EQUIPMENT, NET	365,940	368,918
OTHER ASSETS	61,515	55,265
Total assets	$ 1,482,564	$ 1,964,496

</TABLE>

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

CLAYBORN CONTRACTING GROUP, INC.

CONDENSED BALANCE SHEETS (continued)

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	(unaudited) June 30, 2003	September 30, 2002
<S>	<C>	<C>
CURRENT LIABILITIES		
Accounts payable	$ 136,405	$ 517,688
Accrued expenses	13,149	176,036
Current maturity of long-term debt	55,287	47,735
Billings in excess of costs and estimated earnings	47,509	8,092
Income taxes payable	-	13,882
Deferred income taxes	120,000	76,000
Total current liabilities	372,350	839,433
LONG-TERM LIABILITIES		
Long-term debt, net of current maturity	118,141	123,604
Deferred income taxes	-	44,000
Total long-term liabilities	118,141	167,604
Total liabilities	490,491	1,007,037
STOCKHOLDERS' EQUITY		
Common stock, no par value, 50,000 shares authorized, 1,000 shares issued and outstanding	100,000	100,000
Retained earnings	892,073	857,459
Total stockholders' equity	992,073	957,459
Total liabilities and stockholders' equity	$ 1,482,564	$ 1,964,496

</TABLE>

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

CLAYBORN CONTRACTING GROUP, INC.

CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine months ended June 30, 2003	2002
<S>	<C>	<C>
CONTRACT REVENUE	$ 3,472,102	$ 3,941,780
COST OF SALES	2,753,577	2,895,320
Gross profit from contracting	718,525	1,046,460
GENERAL AND ADMINISTRATIVE EXPENSES	619,580	759,510
Income from operations	98,945	286,950
OTHER INCOME (EXPENSE)		
Loss on sale of assets	(1,450)	-
Interest income	4,282	6,214
Interest expense	(8,063)	(9,942)
Total other income (expense)	(5,231)	(3,728)
Income before taxes	93,714	283,222

PROVISION FOR INCOME TAXES	59,100	19,261
NET INCOME	$ 34,614	$ 263,961

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

CLAYBORN CONTRACTING GROUP, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine months ended June 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002
Net income	$ 34,614	$ 263,961
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	98,555	106,284
Appreciation in cash surrender value of life insurance	(11,185)	0
(Increase) decrease in assets:		
Contract receivables	108,822	(3,445)
Costs and estimated earnings in excess of billings	190,919	(123,656)
Prepaid expenses	38,542	23,323
Prepaid income tax	12,000	(20,989)
Increase (decrease) in liabilities:		
Accounts payable	(381,283)	153,912
Accrued expenses	(162,887)	(41,971)
Billings in excess of costs and estimated earnings	39,417	36,730
Income taxes payable	(13,882)	(5,300)
Other assets	4,934	0
Net cash (used in) provided by operating activities	(41,434)	388,849
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(95,576)	(9,874)
(Increase) decrease in cash held in lieu of retentions	(26,590)	37,049
Net cash (used in) provided by investing activities	(122,166)	27,175
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	39,463	0
Principal payments on long-term debt	(37,374)	(38,019)
Net cash provided by (used in) financing activities	2,089	(38,019)
NET (DECREASE) INCREASE IN CASH	(161,511)	378,005
CASH, beginning of year	459,580	33,702
CASH, end of period	$ 298,069	$ 411,707

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

CLAYBORN CONTRACTING GROUP, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited condensed interim financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and do not include all of the information and footnote disclosures required by accounting principles generally accepted in the United States of America. Accordingly, the unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended September 30, 2002. Operating results for the nine month period ended June 30, 2003 are not necessarily indicative of the results that may be expected for the full year.

Company's Activities - Clayborn Contracting Group, Inc. ("the Company") is engaged in electrical and heavy construction primarily in the public works sector. The work is performed under fixed price bid contracts. The Company performs the majority of their work in Northern and Central California.

Estimates and Assumptions - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Basis for Recording Income - The Company records income on construction contracts using the percentage-of-completion method of accounting based on the proportion of costs incurred on the contract to total estimated contract costs, except that material estimated losses which are apparent prior to completion are provided for in their entirety. No profit is taken into income until a contract has reached a stage of completion sufficient to reasonably determine, in the opinion of management, the ultimate realizable profit. Base percentages which range from 1% to 5%, depending on the type of contract, are generally used to determine when a sufficient stage of completion has been reached. Claims for additional contract compensation due the Company are not reflected in the accounts until the year in which such claims are allowed. As contracts extend over one or more periods, revisions in estimated costs and profits are reflected in the accounting period in which the facts which require the revisions become known.

Cost of sales includes all direct labor and labor costs, materials, subcontractors, equipment costs and other costs related to contract performance, such as indirect labor, supplies, tools and repairs. General and administrative costs are charged to expense as incurred.

The asset, "Costs and estimated earnings in excess of billings," represents revenues recognized in excess of amounts billed on construction contracts in progress. The liability, "Billings in excess of costs and estimated earnings," represents billings in excess of revenues recognized on construction contracts in progress.

2. COSTS AND ESTIMATED EARNINGS ON CONSTRUCTION CONTRACTS IN PROGRESS
Costs and estimated earnings on construction contracts in progress contrast related billings at June 30, 2003 and September 30, 2002 as follows:

<TABLE>
<CAPTION>

	June 30, 2003 (unaudited)	September 30, 2002
Cost of sales to date	$ 1,959,467	$ 928,866
Gross profit to date	708,496	219,809
Earned contract revenue	2,667,963	1,148,675
Contract billings to date	2,586,665	837,041
Net under billings	$ 81,298	$ 311,634

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings	$ 128,807	$ 319,726

Billings in excess of costs and estimated earnings	(47,509)	(8,092)
Net under billings	$ 81,298	$ 311,634

</TABLE>

3. LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	Interest Rate	June 30, 2003 (unaudited)	September 30, 2002
General Motors Acceptance Corporation, secured by automotive equipment, aggregate monthly principal and interest payments of $946, due through May 2008	6.50% to 8.49%	$ 23,072	$ 13,916
Wells Fargo Bank, secured by equipment, aggregate monthly principal and interest payments of $4,088, due through February 2008	6.65% to 8.90%	87,940	141,593
Chrysler Financial Corporation, secured by automotive equipment, monthly principal and interest payments of $423, due November 2005	0.90%	7,127	15,830
Current maturity of long-term debt		55,287	47,735
Long-term debt, net of current maturity		$ 118,141	$ 123,604

Aggregate maturities on long-term debt are as follows:

	June 30, 2003 (unaudited)	September 30, 2002
2003	$ 0	$ 47,735
2004	55,287	$ 48,913
2005	65,040	43,415
2006	30,001	22,274
2007	17,263	9,002
2008	5,837	0
	$ 173,428	$ 171,339

</TABLE>

4. LITIGATION
From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company. The Company's management is currently not aware of any such legal proceedings or claims that they believe will have, individually or in the aggregate, a material adverse affect on the Company's financial condition or operating results.

5. SUBSEQUENT EVENT
In August 2003, the Board of Directors of the Company approved an Agreement and Plan of Merger with WPCS International Incorporated ("WPCS"). The merger closed effective August 22, 2003. The change in ownership resulting from the merger constitutes an event of default under the line of credit agreement with the Bank referred to in Note 5. WPCS acquired all of the issued and outstanding shares of the Company in exchange for $900,000 cash consideration and 826,446 newly issued shares of WPCS common stock. An additional $1,100,000 is payable by delivery to the Company shareholders of 50% of the post tax profits of the Company, payable in quarterly distributions.

WPCS INTERNATIONAL INCORPORATED

INTRODUCTION TO PRO FORMA FINANCIAL INFORMATION

We are providing the following unaudited pro forma condensed consolidated financial information of WPCS International ("WPCS") and its acquisition of Clayborn Contracting Group, Inc. ("Clayborn") to present the results of operations and financial position of WPCS had the merger been completed at an earlier date.

In addition, the pro forma condensed consolidated financial information for the year ended April 30, 2003 include unaudited financial statements related to the acquisitions of Invisinet, Inc. and Walker Comm, Inc.

On November 13, 2002, the Company entered into an agreement and completed a merger with Invisinet, Inc. ("Invisinet"). Invisinet is in a similar business as the Company, providing fixed wireless technology services to its customers. The acquisition of Invisinet broadens the Company's customer base and expands it technical resources capable of deploying wireless systems. To complete the merger, the Company acquired 100% of the common stock of Invisinet by issuing 1,000,000 shares of the Company's common stock with a fair value of $1,750,000, based on the average value of the Company's common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Invisinet, the Company has recognized goodwill of approximately $1.6 million.

On December 30, 2002, the Company acquired all of the outstanding common stock of Walker Comm, Inc. ("Walker"). The acquisition of Walker gives the Company the ability to provide specialty communication systems to its customers along with strengthening its project management capabilities. The aggregate consideration paid by the Company for Walker was approximately $5,113,000. To complete the merger, all of the issued and outstanding shares of common stock of Walker were exchanged for aggregate merger consideration consisting of $500,000 in cash and the common stock of the Company with a value of approximately $4,574,000, or 2,486,000 shares valued at $1.84 per share based on the average value of the Company's common stock as of a few days before and after the merger was announced. Based on the net assets acquired of Walker, the Company recognized goodwill of approximately $4.2 million.

ACQUISITION OF CLAYBORN CONTRACTING GROUP, INC.

On August 22, 2003, WPCS International Incorporated, a Delaware corporation (the "Company"), entered into and completed an Agreement and Plan of Merger with Clayborn Contracting Acquisition Corp. a California corporation wholly-owned by the Company (the "Subsidiary"), Clayborn Contracting Group, Inc., a California corporation ("Clayborn"), David G. Gove, as trustee ("D. Gove") and Sharon Gove, as trustee ("S. Gove" and together with D. Gove, the "Clayborn Shareholders").

Pursuant to the terms of the Agreement and Plan of Merger (the "Acquisition"), the Company acquired all of the issued and outstanding shares of capital stock of Clayborn from the Clayborn Shareholders in exchange for $900,000 cash consideration and of 826,446 newly issued shares of the Company's common stock with a fair value of approximately $868,000 based on the average value of the Company's common stock as of a few days before and after the merger terms were agreed to and announced. An additional $1,100,000 is due by September 3, 2007, payable in quarterly distributions, by payment to the Clayborn shareholders of 50% of the post tax profits of Clayborn. Based on the historical net assets acquired from Clayborn, the Company preliminarily expects to recognize goodwill of approximately $2,140,000, including transaction costs. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or intangible assets.

The unaudited pro forma condensed consolidated statement of operations of

the Company gives effect to the merger as if it had occurred on May 1, 2002 for the twelve months ended April 30, 2003, and on May 1, 2003, for the nine months ended January 31, 2004, respectively.

The acquisition of Clayborn was accounted for under the purchase method of accounting in accordance with the Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"). Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is created to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger.

This unaudited pro forma condensed consolidated financial information is based on the estimates and assumptions set forth herein and in the notes thereto. The unaudited pro forma results for the twelve months ended April 30, 2003 have been prepared utilizing (a) the audited financial statements of WPCS included in Form 10-KSB for the fiscal year ended April 30, 2003; (b) the unaudited financial statements of Clayborn for the twelve months ended March 31, 2003; (c) unaudited financial statements of Invisinet, Inc. for the six months ended September 30, 2002; and (d) the unaudited financial statements of Walker Comm, Inc. for the eight months ended December 31, 2002.

The unaudited pro forma results for the nine months ended January 31, 2004 have been prepared utilizing (a) the unaudited interim financial statements of WPCS included in Form 10-QSB for the nine months ended January 31, 2004; and (b) the unaudited financial statements of Clayborn for the four months ended August 31, 2003.

The following unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of (i) the results of operations of the Company that actually would have occurred had the "Agreement and Plan of Merger" been consummated on the dates indicated or (ii) the results of operations of the Company that may occur or be attained in the future. The following information is qualified in its entirety by reference to and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", WPCS's audited consolidated financial statements, including the notes thereto contained in its Annual Report on Form 10-KSB for the year ended April 30, 2003 incorporated herein by reference, Clayborn's audited financial statements, including the notes thereto, for the years ended September 30, 2002 and 2001 and other historical financial information appearing elsewhere herein.

WPCS International Incorporated and Subsidiaries
Condensed Consolidated Pro Forma Unaudited Statement of Operations
for the Year Ended April 30, 2003

<TABLE>
<CAPTION>

	FOR THE YEAR ENDED APRIL 30, 2003 WPCS	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002 INVISINET	FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2002 WALKER		PRO FORMA ADJUSTMENTS	CONSOLIDATED before CLAYBORN ACQUISITION
<S>	<C>	<C>	<C>		<C>	<C>
Revenue	$ 5,422,858	$ 656,295	$ 4,599,372		$ -	$ 10,678,525
Cost of revenue	3,768,495	521,630	4,093,286		-	8,383,411
Gross profit	1,654,363	134,665	506,086		-	2,295,114
Operating expenses						
Selling expenses	27,741	-	29,786		-	57,527
General and administrative	1,833,086	172,516	1,288,532		-	3,294,134
Provision for doubtful accounts	38,779	6,000	(14,393)		-	30,386
Depreciation and amortization	116,501	3,366	134,353	(a)	106,949	

					361,169
Total operating expenses	2,016,107	181,882	1,438,278	106,949	3,743,216
Income (loss) from operations	(361,744)	(47,217)	(932,192)	(106,949)	(1,448,102)
Other income (expense)					
Interest income	-	-	2,435	-	2,435
Interest expense	-	(297)	-	-	(297)
Total other income (expense)	-	(297)	2,435	-	2,138
Income (loss) before provision for income taxes	(361,744)	(47,514)	(929,757)	(106,949)	(1,445,964)
Provision for income taxes	(19,550)	-	60,246	-	40,696
Net Income (loss)	$ (381,294)	$ (47,514)	$ (869,511)	$ (106,949)	$ (1,405,268)
Imputed dividends accreted on Convertible Seried B Preferred Stock	(173,000)	-	-	-	(173,000)
Net loss attributable to common shareholders	$ (554,294)	$ (47,514)	$ (869,511)	$ (106,949)	$ (1,578,268)
Basic net loss per common share	$ (0.05)				$ (0.13)
Basic weighted average number of common shares outstanding	10,376,685				12,571,474

</TABLE>

WPCS International Incorporated and Subsidiaries
Condensed Consolidated Pro Forma Unaudited Statement of Operations
for the Year Ended April 30, 2003 (continued)

<TABLE>
<CAPTION>

	FOR THE TWELVE MONTHS ENDED MARCH 31, 2003 CLAYBORN	PRO FORMA CONSOLIDATED after CLAYBORN ACQUISITION
<S>	<C>	<C>
Revenue	$ 5,976,308	$ 16,654,833
Cost of revenue	4,614,228	12,997,639
Gross profit	1,362,080	3,657,194
Operating expenses		
Selling expenses	-	57,527
General and administrative	1,044,303	4,338,437
Provision for doubtful accounts	-	30,386
Depreciation and amortization	16,109	377,278
Total operating expenses	1,060,412	4,803,628
Income (loss) from operations	301,668	(1,146,434)
Other income (expense)		
Interest income	-	2,435
Interest expense	(11,982)	(12,279)

Total other income (expense)	(11,982)	(9,844)
Income (loss) before provision for income taxes	289,686	(1,156,278)
Provision for income taxes	(135,152)	(94,456)
Net Income (loss)	$ 154,534	$ (1,250,734)
Imputed dividends accreted on Convertible Seried B Preferred Stock	-	(173,000)
Net loss attributable to common shareholders	$ 154,534	$ (1,423,734)
Basic net loss per common share		$ (0.11)
Basic weighted average number of common shares outstanding		13,397,920

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the year ended April 30, 2003

NOTE 1. WPCS International Incorporated ("WPCS") is a publicly held corporation whose newly formed subsidiaries completed the following transactions: (a) on November 13, 2002, merged with Invisinet, Inc. ("Invisinet") (b) on December 30, 2002, merged with Walker Comm, Inc, ("Walker") and (c) on August 22, 2003, merged with Clayborn Contracting Group, Inc. ("Clayborn"). For accounting purposes, each of these transactions has been treated as a purchase with the net assets of each acquired company being stated at fair value in accordance with the purchase method of accounting.

NOTE 2. The unaudited pro forma condensed consolidated statements of operations for the twelve months ended April 30, 2003 presented herein has been prepared as if the merger of WPCS and Clayborn had been consummated as of May 1, 2002. Likewise, the pro forma condensed consolidated statement of operations for the twelve months ended April 30, 2003 include the unaudited statements of operations of Invisinet for the six months ended September 30, 2002, and Walker for the eight months ended December 31, 2002, as if the merger of these companies had been consummated as of May 1, 2002. Pro forma statement of operations adjustments for the twelve months ended April 30, 2003 have been made for the following.

(a) To record a full year of depreciation and amortization for the fair value of property and equipment and customer lists acquired related to the Invisinet and Walker acquisitions, as if the merger of these companies had been consummated as of May 1, 2002. Accordingly, addition depreciation on property and equipment of $39,949 and amortization of $67,000, totaling $106,949, is included as a pro forma adjustment.

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES
Condensed Consolidated Pro Forma Statement of Operations for the Nine Months ended January 31, 2004

<TABLE>
<CAPTION>

<S>	<C> FOR THE NINE MONTHS ENDED JANUARY 31, 2004 WPCS	<C> FOR THE FOUR MONTHS ENDED AUGUST 31, 2003 CLAYBORN	<C> PRO FORMA CONSOLIDATED AFTER CLAYBORN ACQUISITION
Revenue	$ 13,874,616	$ 1,532,979	$ 15,407,595
Costs and expenses:			
Cost of revenue	10,084,508	1,092,206	11,176,714
Selling, general and administrative expenses	3,930,352	605,512	4,535,864
Provision for doubtful accounts	35,669	-	35,669
Depreciation and amortization	254,214	47,610	301,824

Total costs and expenses	14,304,743	1,745,328	16,050,071
Loss before provision for income taxes	(430,127)	(212,349)	(642,476)
Provision for income taxes	(4,200)	84,041	79,841
Net loss attributable to common shareholders	$(434,327)	$(128,308)	$(562,635)
Basic net loss per common share	$ (0.02)		$ (0.03)
Basic weighted average number of common shares outstanding	17,573,786	338,363	17,912,149

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the Nine Months ended January 31, 2004

NOTE 1. The statement of operations of WPCS was derived from its interim unaudited financial statements on Form 10Q-SB for the nine months endedJanuary 31, 2004.

The statement of operations of Clayborn was derived from its interim unaudited financial statements for the four months ended August 31, 2003.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder
of Heinz Corporation

I have audited the accompanying balance sheets of Heinz Corporation, a Missouri Corporation, as of December 31, 2003 and 2002, and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. And audit includes, 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heinz Corporation as of December 31, 2003 and 2002, and the results of its operations and its cash flow for the years then ended in conformity with generally accepted accounting principles.

Michael N. Fitzgerald
Fenton, Missouri
March 5, 2004

HEINZ CORPORATION
BALANCE SHEET
DECEMBER 31, 2003 and 2002

<TABLE>
<CAPTION>

ASSETS

<S>	2003 <C>	2002 <C>
Current Assets		
Cash and cash equivalents	$ 30,308	$ 167,187
Contract receivable, net of allowance for doubtful accounts of $0 for 2003 and 2002	395,159	1,079,593
Billings below cost and estimated earnings on uncompleted contracts	57,962	269,340
Prepaid assets	14,353	-
	497,782	1,516,120
Equipment and vehicles at cost		
Equipment and vehicles	290,246	290,246
Accumulated depreciation	(261,276)	(237,488)
	28,970	52,758
Other Assets		
Deposits	18,342	14,515
Life insurance - CSV	42,970	-
	61,312	14,515
TOTAL ASSETS	$ 588,064	$1,583,393

</TABLE>

See accompanying notes.

HEINZ CORPORATION
BALANCE SHEET
DECEMBER 31, 2003 and 2002

LIABILITIES AND STOCKHOLDERS EQUITY

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Current Liabilities		
Accounts payable	$ 466,553	$ 829,453
Current portion long term debt	92,114	203,049
Billings in excess of cost and estimated earnings on uncompleted contracts	56,638	20,516
	615,305	1,053,018
Long Term Debt	3,677	21,133
Stockholders Equity		
Common stock - $1 par value, 30,000 shares authorized 2,500 shares issued and out-standing, including 1,500 shares held as treasury stock	2,500	2,500
Capital in excess of par	99,500	99,500
Retained earnings	1,115,598	1,655,758
Treasury stock	(1,248,516)	(1,248,516)
	(30,918)	509,242
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 588,064	$1,583,393

</TABLE>

See accompanying notes.

HEINZ CORPORATION
STATEMENT OF INCOME
YEARS ENDED DECEMBER 31, 2003 and 2002

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Contract revenues - net of allowances	$4,152,922	$6,940,260
Contract costs - net of allowances	3,954,653	6,245,480
Gross profit	198,269	694,780
General & administrative expenses	766,309	1,165,338
Depreciation	23,788	38,660
Interest expense	13,289	30,791
	803,386	1,234,789
Other income	67,456	1,165
Net income	$ (537,661)	$ (538,844)

</TABLE>

See accompanying notes.

HEINZ CORPORATION
STATEMENT OF RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2003 and 2002

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Retained earnings - beginning of year	$1,655,758	$2,564,602
Stockholder distribution	(2,499)	(370,000)
Net income	(537,661)	(538,844)
Retained earning - end of year	$1,115,598	$1,655,758

</TABLE>

See accompanying notes.

HEINZ CORPORATION
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 and 2002

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Cash Flows from Operating Activities		
Net income/(loss)	$ (537,661)	$(538,844)
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation	23,788	38,660
(Increase)/ decrease in		
Contract receivable	684,434	2,013,475
Prepaid assets	(14,353)	-
Billings below cost and estimated earnings	211,378	(58,412)
Deposits	(3,827)	(5,000)
Cash surrender value	(42,970)	-
Increase/(decrease) in		

Accounts payable	(362,900)	(213,590)
Profit sharing payable	-	(28,109)
Billing over cost and estimated earnings	36,122	(303,869)
	(5,989)	904,311
Cash Flow from Investing Activities		
Acquisition of equipment	-	(18,966)
Disposition of equipment	-	-
	-	(18,966)
Cash Flow from Financing Activities		
Distribution to stockholders	(2,499)	(370,000)
New borrowings	-	-
Debt reduction	(128,391)	(446,115)
	(130,890)	(816,115)
Net Change in Cash	(136,879)	$ 69,230
Cash and cash equivalents		
Beginning of year	$ 167,187	$ 97,957
End of year	$ 30,308	$ 167,187
Supplemental information		
Interest paid	$ 13,289	$ 30,791
Income taxes paid	$ 0	$ 0

</TABLE>

See accompanying notes.

HEINZ CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 and 2002

NOTE A SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Accounts receivable are due within contractual payment terms and are stated at amounts due from customers net of an allowance for doubtful accounts. Credit is extended based on evaluation of a customer's financial condition. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payment subsequently received on such receivables are credited to the allowance for doubtful accounts.

Contract receivables are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Contract receivables are written off when they are determined to be uncollectible.

Property and equipment are stated at cost, normal repairs and maintenance are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and gains or losses on the disposition are reflected in operations.

Depreciation of property and equipment is computed over their estimated useful lives. The Company uses an accelerated method of depreciation. The Company also has elected to expense certain equipment items purchased during the year.

The Company recognizes revenues from fixed-price and modified fixed-price construction contracts on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each

contract. That method is used because management considers total cost to be the best available measure of progress on the contracts. Because of inherent uncertain- ties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools and repairs. Selling, general, and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period

in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Changes in estimated job profitability resulting from job performance, job conditions, contract penalty provisions, claims, change orders, and settlements, are accounted for as changes in estimates in the current period.

The asset, "Billings below cost and estimated earnings on uncompleted contracts" represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and earnings on uncompleted contracts," represents billings in excess of revenues recognized.

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

For purposes of the statements of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NOTE B ORGANIZATION

The Company was incorporated in Missouri on December 6, 1993 and began business on January 1, 1994. The Company is authorized to issue 30,000 shares of $1.00 par value stock. As of December 31, 2000, 2,500 shares were issued and and outstanding. James J. Heinz owns 1,000 shares. The Company has repurchased the remaining 1,500 shares. See Note F.

The Company is engaged in consulting, engineering, integration and implementation services relating to wireless infrastructure, including macro wireless networks, in building antenna systems, low voltage installations, and cell site construction. The Company operates on a nationwide basis.

The Company has made an election under Subchapter "S" of the Internal Revenue Code to be treated as an S-Corporation for income tax purposes. The Company received notification of acceptance as an S-Corporation on March 14, 1994. As an S-Corporation the Company does not pay any federal or state income tax on income that it earns; those taxes are paid by the stockholders. Consequently, there are no accruals for income taxes.

NOTE C LINE OF CREDIT

The Company negotiated a $200,000 line of credit with First National Bank on September 16, 2003 The note matures on September 16, 2004 interest. The rate is First National Bank's prime rate. The line was secured by a first lien on contract receivable, business equipment and general intangibles and the personal guarantee and assets of the stockholder. The Company had a balance of $0 and $0 as of December 31, 2003 and 2002 respectively.

NOTE D PROFIT SHARING PLAN

The Company adopted a regional prototype standardized profit sharing and trust from Retirement Plan Services, Inc. effective for the year beginning January 1, 1997. The plan is designed to generally exclude any employee covered by a collectively bargained union contract. Contributions to the plan amounted to $0 and $0 in 2003 and 2002 respectively.

NOTE E COLLECTIVELY BARGAINED AGREEMENTS

The Company, through its participation in the Associated General Contractors of St. Louis, has a labor agreement with Laborers' Local Unions Nos. 42, 53 and 110 affiliated with the Eastern Missouri Laborers' District Council. The agree- ment covers the period March 1, 1999 through March 1, 2004.

The Company also has agreements with the Southern Illinois District Council of Carpenters covering the period August 1, 2003 through July 31, 2008.

The Company, through its participation in the St. Louis Area Building Contractors, has a labor agreement with Carpenters' District Council of Greater St. Louis affiliated with the United Brotherhood of Carpenters and Joiners of America, AFL-CIO. The current agreement covers the period May 5, 1999 through May 3, 2004.

The Company, through its participation in the Associated General Contractors of Missouri has a labor agreement with the Western Missouri and Kansas Laborer's District Council and their affiliated local unions. The current agreement covers the period May 1, 2002 through April 30, 2006.

The Company negotiated additional agreements with the Electrical Insurance Trustees in Chicago, Illinois which automatically renews yearly; the Mason Tenders District of Greater New York from 2002 through 2005; and the Construction and General Laborers' District Council of Chicago Illinois and vicinity which renews annually.

The Company has a labor agreement with the International Brotherhood of Electrical Workers, Local Union No. 1, AFL-CIO, effective January 10, 2000. The agreement expires March 10, 2004.

NOTE F TREASURY STOCK

On January 1, 1998 the Company entered into a contract to repurchase 1,000 shares of stock held/owned by a stockholder representing that stockholder's 100% interest in the Company. The purchase price was $1,044,316 and was collateralized by a promissory note carrying an interest rate of 8.5%. The note is for a term of 84 months with monthly payments of $16,117.38 which includes principal and interest. The payments began on February 1, 1998.

On August 25, 2000 the Company entered into a contract to repurchase 250 shares of stock held/owned by a stockholder representing that stockholder's 100% interest in the Company. The purchase price was $134,200 consisting of cash of $2,701, forgiveness of stock subscription agreement note of $50,000 and a promissory note of $81,499. The note is payable in 36 monthly payments and carries on interest rate of 8.5%. Monthly

payments are $2,572.72.

On December 30, 2000 the Company entered into a contract to repurchase 250 shares of stock held/owned by a stockholder representing that stockholder's 100% interest in the Company. The purchase price was $170,000 consisting of cash of $70,000, forgiveness of a stock subscription agreement note of $50,000 and a promissory note of $50,000. The note was paid in two equal installments during 2001.

NOTE G CONCENTRATION OF BUSINESS

As noted earlier, the Company is engaged in the construction of cellular towers for a number of telecommunications companies. This is a highly competitive industry and the Company must operate in numerous mid-western geographical venues.

NOTE H SCHEDULE OF WORK IN PROCESS (OVER)/UNDER BILLED

The following Schedule of Work in Process (Over)/Under Billed reflects the following:

<TABLE>
<CAPTION>

<S>	2003 <C>	2002 <C>
Billings below cost and estimated earnings on on uncompleted contracts	$ 57,962	$263,940
Billings in excess of costs and estimated earnings on uncompleted contracts	$ 56,638	$ 20,516

</TABLE>

Where a loss on a contract is anticipated, the full amount of the loss has been recognized in the financial statements.

NOTE I SUBSIDIARY-HEINZ TOWER SERVICES, INC.

Heinz Tower Services, Inc., is a wholly owned subsidiary of Heinz Corporation. Heinz Tower provides tower erection, antenna erection, and cable communication installation services to Heinz Corporation.

NOTE J LEASE OBLIGATIONS-VEHICLES

The Company has annual lease obligations for vehicles as follows:

2003 YEAR	2003 $ AMOUNT	2002 YEAR	2002 $ AMOUNT
		2003	$101,581
2004	$ 32,589	2004	$ 31,839
2005	$ 11,762	2005	$ 3,357
2006	$ 4,266	2006	$ -
2007	$ -	2007	$ -
2008	$ -		

WPCS INTERNATIONAL INCORPORATED

INTRODUCTION TO PRO FORMA FINANCIAL INFORMATION

We are providing the following unaudited pro forma condensed combined financial information of WPCS International Incorporated ("WPCS" or the "Company") and its acquisition of Heinz Corporation ("Heinz") to present the results of operations and financial position of WPCS had the merger been completed at an earlier date.

ACQUISITION OF HEINZ CORPORATION

On April 2, 2004, (the "Closing Date") WPCS entered into and completed an Agreement and Plan of Merger to acquire all of the issued and outstanding common stock of Heinz. Heinz is a St. Louis, Missouri based provider of in-building wireless infrastructure services for both cellular and WiFi applications including consulting, integration and installation services for wireless infrastructure. WPCS acquired all of the issued and outstanding shares of Heinz for $1,000,000, as follows: (1) $700,000 of its common stock, based on the closing price of its common stock on March 30, 2004 or $0.98 per share, for an aggregate of 714,286 newly issued shares of WPCS common stock and (2) $300,000 total cash consideration, of which $100,000 was paid at closing and a $200,000 non-interest bearing promissory note. Of the $200,000, $75,000 is payable on the first and second anniversaries of the closing date and $50,000 is payable on the third anniversary of the closing date.

The unaudited pro forma condensed consolidated balance sheet of the Company gives effect to the merger as if it had occurred on January 31, 2004 and the unaudited pro forma condensed consolidated statement of operations of the Company gives effect to the merger as if it had occurred on May 1, 2002 for the twelve months ended April 30, 2003, and on May 1, 2003, for the nine months ended January 31, 2004, respectively.

The acquisition of Heinz is accounted for under the purchase method of accounting in accordance with the Statement of Financial Accounting Standards No. 141, Business Combinations ("SFAS 141"). Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is created to the extent that the merger consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the merger. Based on the preliminary information currently available, we expect to recognize goodwill of approximately $1,000,000. Upon completion of a formal purchase price allocation there may be a decrease in the amount assigned to goodwill and a corresponding increase in tangible or other intangible assets.

This unaudited pro forma condensed consolidated financial information is based on the estimates and assumptions set forth herein and in the notes thereto. The unaudited pro forma results for the twelve months ended April 30, 2003 have been prepared utilizing (a) the audited financial statements of WPCS included in Form 10-KSB for the fiscal year ended April 30, 2003; (b) the unaudited financial statements of Heinz for the twelve months ended March 31, 2003; (c) the unaudited financial statements of Invisinet, Inc. for the six months ended September 30, 2002; (d) the unaudited financial statements of Walker Comm, Inc. for the eight months ended December 31, 2002; and (e) the unaudited financial statements of Clayborn Contracting Group, Inc. for the twelve months ended March 31, 2003.

The unaudited pro forma results for the nine months ended January 31, 2004 have been prepared utilizing (a) the unaudited interim financial statements of WPCS included in Form 10-QSB for the nine months ended January 31, 2004; (b) the unaudited financial statements of Heinz for the nine months ended December 31, 2003; and (c) the unaudited financial statements of Clayborn for the four months ended August 31, 2003.

The following unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of (i) the results of operations of the Company that actually would have occurred had the "Agreement and Plan of Merger" been consummated on the dates indicated or (ii) the results of operations of the Company that may occur or be attained in the future. The following information is qualified in its entirety by reference to and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", WPCS's audited consolidated financial statements, including the notes thereto contained in its Annual Report on Form 10-KSB for the year ended April 30, 2003 incorporated herein by

reference, Heinz' audited financial statements, including the notes thereto, for the years ended December 31, 2003 and 2002, and other historical financial information appearing elsewhere herein.

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED PROFORMA UNAUDITED BALANCE SHEETS

<TABLE>
<CAPTION>

	JANUARY 31, 2004 WPCS	DECEMBER 31, 2003 HEINZ		PRO FORMA ADJUSTMENTS	CONSOLIDATED
<S>	<C>	<C>		<C>	<C>
ASSETS					
Current Assets					

	WPCS	HEINZ		ADJUSTMENTS	CONSOLIDATED
Cash and cash equivalents	$ 1,094,422	$ 30,308	(a)	$ (100,000)	$ 1,024,730
Accounts receivable - net	3,286,681	395,159		-	3,681,840
Costs in excess of billings	972,564	57,962		-	1,030,526
Inventory	72,324	-		-	72,324
Prepaid expenses	219,818	14,353		-	234,171
Income tax refund receivable	104,765	-		-	104,765
Total current assets	5,750,574	497,782		(100,000)	6,148,356
Property and Equipment - net	902,059	28,970		-	931,029
Customer Lists, net	418,000	-		-	418,000
Goodwill	7,967,593	-	(b)	1,013,566	8,981,159
Other Assets	84,162	61,312		-	145,474
Total Assets	$ 15,122,388	$ 588,064		$ 913,566	$ 16,624,018

</TABLE>

WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED PROFORMA UNAUDITED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	JANUARY 31, 2004 WPCS <C>	DECEMBER 31, 2003 HEINZ <C>		PRO FORMA ADJUSTMENTS <C>	CONSOLIDATED <C>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued expenses	$ 1,956,486	$ 466,553		$ -	$ 2,423,039
Billings in excess of cost	883,065	56,638		-	939,703
Current maturities of capital lease obligation	2,472	-		-	2,472
Current maturities of equipment loans payable	19,623	-		-	19,623
Borrowings under line of credit	100,000	92,114		-	192,114
Due to shareholders	1,203,016	-	(c)	182,648	

					1,385,664
Income taxes payable	19,517	-		-	19,517
Deferred income taxes, current portion	196,100	-		-	196,100
Total current liabilities	4,380,279	615,305		182,648	5,178,232
Capital lease obligations, net of current maturities	2,731	-		-	2,731
Long-term debt, net of current maturities	35,839	3,677		-	39,516
Deferred income taxes, net of current portion	416,900	-		-	416,900
Total liabilities	4,835,749	618,982		182,648	5,637,379
Stockholders' equity					
Common stock	2,014	2,500	(d)	(2,430)	2,084
Additional paid-in capital	11,262,012	99,500	(d)	600,430	11,961,942
Treasury stock	-	(1,248,516)	(d)	1,248,516	-
(Accumulated deficit) retained earnings	(977,387)	1,115,598	(d)	(1,115,598)	(977,387)
Total shareholder's equity	10,286,639	(30,918)		730,918	10,986,639
	$ 15,122,388	$ 588,064		$ 913,566	$ 16,624,018

</TABLE>

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WPCS International Incorporated and Subsidiaries
Condensed Consolidated Pro Forma Unaudited Statement of
Operations for the Year Ended April 30, 2003

<TABLE>
<CAPTION>

WPCS INTERNATIONAL INC AND SUBSIDIARIES
PROFORMA STATEMENTS OF OPERATIONS

<S>	FOR THE YEAR ENDED APRIL 30, 2003 WPCS	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002 INVISINET	FOR THE EIGHT MONTHS ENDED DECEMBER 31, 2002 WALKER	FOR THE TWELVE MONTHS ENDED MARCH 31, 2003 CLAYBORN	FOR THE TWELVE MONTHS ENDED MARCH 31, 2003 HEINZ
	<C>	<C>	<C>	<C>	<C>
Revenue	$ 5,422,858	$ 656,295	$ 4,599,372	$ 5,976,308	$ 6,061,729
Costs and Expenses:					

Cost of revenue	3,768,495	521,630	4,093,286	4,614,228	5,360,403	
Selling, general and adminstrative expenses	1,860,827	172,516	1,318,318	1,044,303	1,082,564	
Provision for doubtful accounts	38,779	6,000	(14,393)	-	-	
Depreciation and amortization	116,501	3,366	134,353	16,109	38,660	(a)
Total costs and expenses	5,784,602	703,512	5,531,564	5,674,640	6,481,627	
Income (loss) from operations	(361,744)	(47,217)	(932,192)	301,668	(419,898)	
Other income (expense)						
Interest income	-	-	2,435	-	599	
Interest expense	-	(297)	-	(11,982)	(19,384)	
Total other income (expense)	-	(297)	2,435	(11,982)	(18,785)	
Income (loss) before provision for income taxes	(361,744)	(47,514)	(929,757)	289,686	(438,683)	
Provision for income taxes	(19,550)	-	60,246	(135,152)	-	
Net Income (loss)	$ (381,294)	$ (47,514)	$ (869,511)	$ 154,534	$ (438,683)	
Imputed dividends accreted on Convertible Series B Preferred Stock	(173,000)	-	-		-	
Net loss attributable to common shareholders	$ (554,294)	$ (47,514)	$ (869,511)	$ 154,534	$(438,683)	
Basic net loss per common share	$ (0.05)					
Basic weighted average number of common shares outstanding	10,376,685					

</TABLE>

<TABLE>
<CAPTION>

<S>	PRO FORMA ADJUSTMENTS <C>	PRO FORMA CONSOLIDATED after HEINZ ACQUISITION <C>
Revenue	$ -	$ 22,716,562
Costs and Expenses:		
Cost of revenue		18,358,042
Selling, general and adminstrative expenses		5,478,528
Provision for doubtful accounts		30,386
Depreciation and amortization	106,949	415,938

Total costs and expenses	106,949	24,282,894
Income (loss) from operations	(106,949)	(1,566,332)
Other income (expense)		
Interest income		3,034
Interest expense		(31,663)
Total other income (expense)	-	(28,629)
Income (loss) before provision for income taxes	(106,949)	(1,594,961)
Provision for income taxes		(94,456)
Net Income (loss)	$ (106,949)	$ (1,689,417)
Imputed dividends accreted on Convertible Series B Preferred Stock	-	(173,000)
Net loss attributable to common shareholders	$ (106,949)	$ (1,862,417)
Basic net loss per common share		$ (0.13)
Basic weighted average number of common shares outstanding		14,112,206

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED APRIL 30, 2003

NOTE 1. WPCS International Incorporated ("WPCS") is a publicly held corporation whose newly formed subsidiaries completed the following transactions: (a) on November 13, 2002, merged with Invisinet, Inc. ("Invisinet") (b) on December 30, 2002, merged with Walker Comm, Inc, ("Walker") (c) on August 22, 2003, merged with Clayborn Contracting Group, Inc. ("Clayborn"), and (d) on April 2, 2004 merged with Heinz. For accounting purposes, each of these transactions has been treated as an acquisition with the net assets of each acquired company being stated at fair value in accordance with the purchase method of accounting.

NOTE 2. The unaudited pro forma consolidated balance sheet at January 31, 2004 presented herein has been prepared as if the merger of WPCS and Heinz had been consummated on May 1, 2003. Pro forma balance sheet adjustments have been made for the following:

(a) To record the cash consideration of $100,000 paid to the shareholders of Heinz at the closing of the acquisition.

(b) To reflect the excess of acquisition cost over the estimated fair value of the net assets acquired (goodwill). The allocation of the purchase price is based on financial information of Heinz as of December 31, 2003. There might be further adjustments to the purchase price allocation upon finalization of financial information as of the date of the merger. However, we do not believe that the final purchase price allocation will have a material impact on our pro forma results of operations or financial position. The purchase price and purchase price

allocation are summarized as follows:

<TABLE>
<CAPTION>

Purchase price paid as:	
<S>	<C>
Cash consideration	$ 100,000
Common stock issued	700,000
Promissory note	182,648
Total purchase price consideration	982,648
Allocated to:	
Historical net book value of Heinz at December 31, 2003	$ (30,918)
Cost in excess of net assets acquired	$ 1,013,566

</TABLE>

(c) To record the present value, discounted at 5%, of the $200,000 non-interest bearing promissory note related to the remaining purchase price payments. Of the $200,000, $75,000 is payable on the first and second anniversaries of the Closing Date and $50,000 is payable on the third anniversary of the Closing Date.

(d) To reflect the elimination of the shareholders' equity accounts of Heinz of ($30,918) and the issuance of WPCS common stock. To effect the merger, WPCS issued 714,286 shares of WPCS common stock with a fair value of approximately $700,000, based on the closing price of its common stock on March 30, 2004 of $0.98 per share.

NOTE 3. The unaudited pro forma condensed consolidated statements of operations for the twelve months ended April 30, 2003 presented herein has been prepared as if the merger of WPCS and Heinz had been consummated as of May 1, 2002. Likewise, the pro forma condensed consolidated statement of operations for the twelve months ended April 30, 2003 include the unaudited statements of operations of Invisinet for the six months ended September 30, 2002, Walker for the eight months ended December 31, 2002, and Clayborn for the twelve months ended March 31, 2003, as if the merger of these companies had been consummated as of May 1, 2002. Pro forma statement of operations adjustments for the twelve months ended April 30, 2003 have been made for the following:

(a) To record a full year of depreciation and amortization for the fair value of property and equipment and customer lists acquired related to the Invisinet and Walker acquisitions, as if the merger of these companies had been consummated as of May 1, 2002. Accordingly, addition depreciation on property and equipment of $39,949 and amortization of $67,000, totaling $106,949, is included as a pro forma adjustment.

WPCS INTERNATIONAL INC AND SUBSIDIARIES
PROFORMA STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

	FOR THE NINE MONTHS ENDED JANUARY 31, 2004 WPCS	FOR THE FOUR MONTHS ENDED AUGUST 31, 2003 CLAYBORN	FOR THE NINE MONTHS ENDED DECEMBER 31, 2003 HEINZ	PRO FORMA CONSOLIDATED after HEINZ ACQUISITION
<S>	<C>	<C>	<C>	<C>
Revenue	$ 13,874,616	$ 1,532,979	$3,052,761	$ 18,460,356
Costs and expenses:				
Cost of revenue	10,084,508	1,092,206	2,772,341	13,949,055
Selling, general and administrative				

expenses	3,930,352	605,512	473,229	5,009,093
Provision for doubtful accounts	35,669	-	14,998	50,667
Depreciation and amortization	254,214	47,610	23,788	325,612
Total costs and expenses	14,304,743	1,745,328	3,284,356	19,334,427
Loss from operations	(430,127)	(212,349)	(231,595)	(874,071)
Provision for income taxes	(4,200)	84,041	-	79,841
Net Loss	$ (434,327)	$ (128,308)	$ (231,595)	$ (794,230)
Basic net loss per common share	$(0.02)			$ (0.04)
Basic weighted average number of common shares outstanding	17,573,786			18,626,435

</TABLE>

WPCS INTERNATIONAL INCORPORATED and SUBSIDIARIES

NOTES TO PRO FORMA UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JANUARY 31, 2004

NOTE 1. The statement of operations of WPCS was derived from its interim unaudited financial statements on Form 10Q-SB for the nine months ended January 31, 2004.

The statement of operations of Clayborn was derived from its interim unaudited financial statements for the four months ended August 31, 2003.

The statement of operations of Heinz was derived from its interim unaudited financial statements for the nine months ended December 31, 2003.

<TABLE>
<CAPTION>

<S> <C>

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from the information contained in this prospectus. This document may only be used where it is legal to sell the securities. The information in this document may only be accurate on the date of this document.

13,566,306 SHARES
OF OUR
OF COMMON STOCK

WPCS International Incorporated

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PROSPECTUS

________, 2004

</TABLE>

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24. Indemnification of Directors and Officers.

Our Articles of Incorporation limit, to the maximum extent permitted by Delaware law, the personal liability of directors for monetary damages for breach of their fiduciary duties as a director. Our Bylaws provided that we shall indemnify our officers and directors and may indemnify our employees and other agents to the fullest extent permitted by Delaware law.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify a director, officer, employee or agent made a party to an action by reason of that fact that he or she was a director, officer employee or agent of the corporation or was serving at the request of the corporation against expenses actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and with respect to any criminal action, had no reasonable cause to believe his or her conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been advised that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Item 25. Other Expenses of Issuance and Distribution.

The following table sets forth an itemization of all estimated expenses, all of which we will pay, in connection with the issuance and distribution of the securities being registered:

Nature of Expense	Amount
SEC Registration fee	$ 1,631.96
Accounting fees and expenses	*10,000.00
Legal fees and expenses	*35,000.00
Printing and related expenses	*10,000.00
TOTAL	*$56,631.96

* Estimated.

Item 26. Recent Sales of Unregistered Securities.

Except as set forth below, there were no sales of unregistered securities by WPCS during the past three (3) years:

On May 17, 2002, we issued 5,500,000 shares of our common stock in exchange for all of the issued and outstanding shares of WPCS Holdings, Inc. The shares were issued to one accredited investor in a transaction exempt under Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended.

Between May 24, 2002 and June 11, 2002, we sold 455 shares of Series B Preferred Stock through a private placement and received proceeds of $455,000. Additionally, we issued 64 shares of Series B Preferred Stock to one of our shareholders as payment for advances from shareholder and accounts payable totaling $64,000. Each share of Series B Convertible Preferred Stock was convertible at a basis of $1,000 per share at a conversion price equal to 75% of the average market price of our common stock for ten days prior to the date of conversion. On December 13, 2002, all Series B Preferred Stock was converted to 567,212 shares of the Company's common stock. The shares were issued to three accredited investors in a transaction exempt under Section 4(2) of the Securities Act of 1933, as amended.

On November 13, 2002, we issued 1,000,000 shares of our common stock in exchange for all of the issued and outstanding shares of Invisnet, Inc. The shares were issued to two accredited investors in a transaction exempt under Section 4(2) of the Securities Act of 1933, as amended.

On December 6, 2002, we issued 1,000 shares of Series C Preferred Stock in a private placement and received proceeds of $1,000,000. Each share of Series C Convertible Preferred Stock is convertible into 800 shares of our common stock, subject to certain reset provisions. On August 13, 2003, all Series C Preferred Stock was converted to 1,786,000 shares of the Company's common stock. The shares were issued to three accredited investors in a transaction exempt under Section 4(2) of the Securities Act of 1933, as amended.

On December 30, 2002, we issued 2,486,000 shares of our common stock in exchange for all of the issued and outstanding shares of Walker Comm, Inc. The shares were issued to three accredited investors in a transaction exempt under Section 4(2) of the Securities Act of 1933, as amended.

During July, August and September 2003, we sold an aggregate of 100 units to 40 accredited investors in a private placement for aggregate proceeds of $2,500,000. Each Unit consists of (i) 44,444 shares of our common stock, and (ii) warrants to purchase 44,444 shares of common stock, exercisable for a period of three years at an exercise price of $0.90 per share. The shares were issued in a transaction exempt under Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended.

On August 22, 2003, we issued 826,446 shares of our common stock in exchange for all of the issued and outstanding shares of Clayborn Contracting Group, Inc. The shares were issued to one accredited investor in a transaction exempt under Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended.

On April 2, 2004, we issued 714,286 shares of our common stock in exchange for all of the issued and outstanding shares of Heinz Corporation. The shares were issued to one accredited investor in a transaction exempt under Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended.

Item 27. Exhibits.

The following exhibits are included as part of this Form SB-2. References to "us" in this Exhibit List mean WPCS International Incorporated, a Delaware corporation.

Exhibit No. Description

3.1 Certificate of Incorporation of Internet International Communications Ltd., incorporated by reference to Exhibit 3.1 of wowtown.com, Inc.'s Form SB-2, filed June 8, 2000.

3.2 Bylaws of Internet International Communications Ltd., incorporated by reference to Exhibit 3.2 of wowtown.com, Inc.'s Form SB-2, filed June 8, 2000.

4.1 Certificate of Designation of Series A Preferred Stock, incorporated by reference to Exhibit 4.1 of wowtown.com, Inc.'s Form SB-2, filed June 8, 2000.

4.2 Certificate of Designation of Series B Preferred Stock, incorporated by reference to Exhibit 4.2 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed July 29, 2002.

4.3 Certificate of Designation of Series C Preferred Stock, incorporated by reference to Exhibit 4.3 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

4.4 2002 Employee Stock Option Plan, incorporated by reference to Exhibit 4.4 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

4.5 Form of 2003 Warrant, incorporated by reference to Exhibit 4.5 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

5.1 Sichenzia Ross Friedman Ference LLP Opinion and Consent (filed herewith).

10.1 Andrew Hidalgo Employment Agreement, dated as of February 1, 2004 (filed herewith).

10.2 E.J. von Schaumburg Employment Agreement, incorporated by reference to Exhibit 10.2 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

10.3 Donald Walker Employment Agreement, incorporated by reference to Exhibit 10.3 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

10.4 Gary Walker Employment Agreement, incorporated by reference to Exhibit 10.4 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

10.5 Joseph Heater Employment Agreement, dated as of February 1, 2004 (filed herewith).

10.6 Agreement and Plan of Merger by and among Phoenix Star Ventures, Inc., WPCS Acquisition Corp., a Delaware corporation, WPCS Holdings, Inc., a Delaware corporation, and Andy Hidalgo, dated as of May 17, 2002, incorporated by reference to Exhibit 1 of WPCS International Incorporated's Current Report on Form 8-K/A, filed June 12, 2002.

10.7 Agreement and Plan of Merger by and among WPCS International Incorporated, Invisinet Acquisitions Inc., Invisinet, Inc., J. Johnson LLC and E. J. von Schaumburg made as of the 13th day of November, 2002, incorporated by reference to Exhibit 3 of WPCS International Incorporated's Current Report on Form 8-K, filed November 27, 2002.

10.8 Amendment to Invisinet Bonus Agreement, dated as of May 27, 2003, incorporated by reference to Exhibit 10.8 of WPCS International Incorporated's Annual Report on Form 10-KSB, filed August 14, 2003.

10.9 Agreement and Plan of Merger by and among WPCS International Incorporated, Walker Comm Merger Corp., Walker Comm, Inc., Donald C. Walker, Gary R. Walker, and Tanya D. Sanchez made as of the 30th day of December, 2002, incorporated by reference to Exhibit 3 of WPCS International Incorporated's Current Report on Form 8-K, filed January 14, 2003.

10.10 Agreement and Plan of Merger by and among WPCS International Incorporated, Clayborn Contracting Acquisition Corp., Clayborn Contracting Group, Inc., David G. Gove and Sharon Gove made as of the 22nd day of August, 2003, incorporated by reference to Exhibit 3 of WPCS International Incorporated's Current Report on Form 8-K, filed August 29, 2003.

10.11 Agreement and Plan of Merger by and among WPCS International Incorporated, Heinz Acquisition Corp., Heinz Corporation and James Heinz made as of the 2nd day of April, 2004, incorporated by reference to Exhibit 3 of WPCS International Incorporated's Current Report on Form 8-K, filed April 9, 2004.

10.12 James Heinz Employment Agreement, dated as of April 2, 2004 (filed herewith).

16.1 Letter on Change in Certifying Accountant; incorporated by reference to WPCS International Incorporated's Current Report on Form 8-K, filed August 21, 2002.

23.1 Consent of J. H. Cohn LLP (filed herewith).

23.2 Consent of Leonard Friedman (filed herewith)

23.3 Consent of Blackman Kallick Bartelstein LLP regarding the audited financial statements of Invisinet, Inc. (filed herewith).

23.4 Consent of Leonard Friedman regarding the audited financial statements of Walker Comm, Inc. (filed herewith).

23.5 Consent of Burnett & Company LLP regarding the audited financial statements of Clayborn Contracting Group, Inc. (filed herewith).

23.6 Consent of Michael N. Fitzgerald regarding the audited financial statements of Heinz Corporation (filed herewith).

23.7 Consent of legal counsel (see Exhibit 5).

Item 28. Undertakings.

The undersigned registrant hereby undertakes to:

(1) File, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

(i) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement, and

(iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(4) For purposes of determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act as part of this registration statement as of the time it was declared effective.

(5) For determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form SB-2/A and authorizes this registration statement to be signed on its behalf by the undersigned, in the City of Exton, State of Pennsylvania, on April 30, 2004.

WPCS INTERNATIONAL INCORPORATED

By: /s/ Andrew Hidalgo

Andrew Hidalgo, Chairman, Chief Executive Officer and Director

By: /s/ Joseph Heater

Joseph Heater, Chief Financial Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

That the undersigned officers and directors of WPCS International Incorporated, a Delaware corporation, do hereby constitute and appoint Andrew Hidalgo the lawful attorney in-fact and agent with full power and authority to do any and all acts and things and to execute any and all instruments which said attorney and agent, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms that said attorney and agent, shall do or cause to be done by virtue thereof. This Power of Attorney may be signed in several counterparts.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney and pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities on April 30, 2004.

Signature	Title
/s/ Andrew Hidalgo - ------------------ Andrew Hidalgo	Chairman, Chief Executive Officer and Director
/s/ Joseph Heater - ------------------ Joseph Heater	Chief Financial Officer
- ------------------ Norm Dumbroff	Director
/s/ Neil Hebenton - ------------------ Neil Hebenton	Director
/s/ Gary Walker - ------------------ Gary Walker	Director
/s/ William Whitehead - --------------------- William Whitehead	Director

EXHIBIT 5.1

SICHENZIA ROSS FRIEDMAN FERENCE LLP
1065 Avenue of the Americas, 21st Flr.
New York, NY 10018

Telephone: (212) 930-9700
Facsimile: (212) 930-9725

April 30, 2004

VIA ELECTRONIC TRANSMISSION

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549

RE: WPCS International Incorporated
Form SB-2 Registration Statement (File No. 333- 109522)

Ladies and Gentlemen:

We refer to the above-captioned registration statement on Form SB-2 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), filed by WPCS International Incorporated, a Delaware corporation (the "Company"), with the Securities and Exchange Commission.

We have examined the originals, photocopies, certified copies or other evidence of such records of the Company, certificates of officers of the Company and public officials, and other documents as we have deemed relevant and necessary as a basis for the opinion hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as certified copies or photocopies and the authenticity of the originals of such latter documents.

Based on our examination mentioned above, we are of the opinion that the securities being sold pursuant to the Registration Statement are duly authorized and will be, when issued in the manner described in the Registration Statement, legally and validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to our firm under "Legal Matters" in the related Prospectus. In giving the foregoing consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations of the Securities and Exchange Commission.

/s/ Sichenzia Ross Friedman Ference LLP

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of February 1, 2004 by and between WPCS INTERNATIONAL INCORPORATED, a Delaware corporation, with an office located at 140 South Village Avenue, Suite 20, Exton, PA 19341 (the " Company") an Andrew Hidalgo, an individual and resident of 608 Perimeter Drive, Downingtown, PA 19335 ("Hidalgo").

WHEREAS, the Company is in the business of providing wireless and landline products and services; and

WHEREAS, Hidalgo has had experience in the operations of businesses providing wireless and landline products and services; and

WHEREAS, the Company desires to retain the services of Hidalgo; and

WHEREAS, Hidalgo is willing to be employed by the Company;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Employment. Hidalgo is hereby employed and engaged to serve the Company as the Chairman, President and Chief Executive Officer of the Company, or such additional titles as the Company shall specify from time to time, and Hidalgo does hereby accept, and Hidalgo hereby agrees to such engagement and employment. At all times during the term of Hidalgo's employment, he shall remain a member of the Board of Directors of the Company.

2. Duties. Hidalgo shall be responsible for the overall development, operations and corporate governance of the Company. In addition, Hidalgo's duties shall be such duties and responsibilities as the Company shall specify from time to time, and shall entail those duties customarily performed by the Chairman, President and Chief Executive Officer of a company with a sales volume and number of employees commensurate with those of the Company. Hidalgo shall have such authority, discretion, power and responsibility, and shall be entitled to office, secretarial and other facilities and conditions of employment, as are customary or appropriate to his position. Hidalgo shall diligently and faithfully execute and perform such duties and responsibilities, subject to the general supervision and control of the Company's board of directors. Hidalgo shall be responsible and report only to the Company's board of directors. The Company's board of directors, in its sole and absolute discretion, shall determine Hidalgo's duties and responsibilities and may assign or reassign Hidalgo to such duties and responsibilities as it deems in the Company's best interest. Hidalgo shall devote his full-time attention, energy, and skill during normal business hours to the business and affairs of the Company and shall not, during the Employment Term, as that term is defined below, be actively engaged in any other business activity, except with the prior written consent of the Company's board of directors.

Nothing in this Agreement shall preclude Hidalgo from devoting reasonable periods required for:

(a) serving as a director or member of a committee of any organization or corporation involving no conflict of interest with the interests of the Company;

(b) serving as a consultant in his area of expertise (in areas other than in connection with the business of the Company), to government, industrial, and academic panels where it does not conflict with the interests of the Company; and

(c) managing his personal investments or engaging in any other non-competing business; provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement as determined by the Company.

3. Best Efforts of Hidalgo. During his employment hereunder, Hidalgo shall, subject to the direction and supervision of the Company's board of directors, devote his full business time, best efforts, business judgment, skill, and knowledge to the advancement of the Company's interests and to the discharge of his duties and responsibilities hereunder. Notwithstanding the foregoing, nothing herein shall be construed as preventing Hidalgo from investing his assets in any business.

4. Employment Term. This Agreement shall have a term of three (3) years beginning February 1, 2004 (the "Employment Term"). Upon each one (1) year anniversary of Hidalgo's employment under this Agreement, the Agreement will automatically renew for another three (3) years from the anniversary date unless terminated by either party pursuant to Section 12.

5. Compensation of Hidalgo. As compensation for the services provided by Hidalgo under this Paragraph, the Company shall pay Hidalgo an annual salary of One Hundred, Sixty-Eight Thousand Dollars ($168,000), to be paid in accordance with the Company's usual payroll procedures. In addition to the above base compensation, Hidalgo shall be eligible to receive bonuses based on the performance of the Company.

6. Benefits. Hidalgo shall also be entitled to participate in any and all Company benefit plans, from time to time, in effect for employees of the Company. Such participation shall be subject to the terms of the applicable plan documents and generally applicable Company policies.

7. Vacation, Sick Leave and Holidays. Hidalgo shall be entitled to two (2) weeks of paid vacation, with such vacation to be scheduled and taken in accordance with the Company's standard vacation policies. In addition, Hidalgo shall be entitled to such sick leave and holidays at full pay in accordance with the Company's policies established and in effect from time to time.

8. Business Expenses. The Company shall promptly reimburse Hidalgo for all reasonable out-of-pocket business expenses incurred in performing Hidalgo's duties and responsibilities hereunder in accordance with the Company's policies, provided Hidalgo promptly furnishes to the Company adequate records of each such business expense.

9. Location of Hidalgo's Activities. Hidalgo's principal place of business in the performance of his duties and obligations under this Agreement shall be in the Exton, Pennsylvania area. Notwithstanding the preceding sentence, Hidalgo will engage in such travel and spend such time in other places as may be necessary or appropriate in furtherance of his duties hereunder.

10. Confidentiality. Hidalgo recognizes that the Company has and will have business affairs, products, future plans, trade secrets, customer lists, and other vital information (collectively "Confidential Information") that are valuable assets of the Company. Hidalgo agrees that he shall not at any time or in any manner, either directly or indirectly, divulge, disclose, or communicate in any manner any Confidential Information to any third party without the prior written consent of the Company's board of directors. Hidalgo will protect the Confidential Information and treat it as strictly confidential.

11. Non-Competition. Hidalgo acknowledges that he has gained, and will gain extensive knowledge in the business conducted by the Company and has had, and will have, extensive contacts with customers of the Company. Accordingly, Hidalgo agrees that he shall not compete directly or indirectly with the Company, either during the Employment Term or during the one (1) year period immediately after the termination of Hidalgo's employment under Section 12 and shall not, during such period, make public statements in derogation of the Company. For the purposes of this Section 11, competing directly or indirectly with the Company shall mean engaging, directly or indirectly, as principle owner, officer, partner, consultant, advisor, or otherwise, either alone or in association with others, in the operation of any entity engaged in a business similar to that of the Company's.

12. Termination. Notwithstanding any other provisions hereof to the contrary, Hidalgo's employment hereunder shall terminate under the following circumstances:

    (a) Voluntary Termination by Hidalgo. Hidalgo shall have the right to voluntarily terminate this Agreement and his employment hereunder at any time during the Employment Term.

    (b) Voluntary Termination by Company. The Company shall have the right to voluntarily terminate this Agreement and Hidalgo's employment hereunder at any time during the Employment Term.

    (c) Termination for Cause. The Company shall have the right to terminate this Agreement and Hidalgo's employment hereunder at any time for cause. As used in this Agreement, "cause" shall mean refusal by Hidalgo to implement or adhere to lawful policies or directives of the Company's board of directors, breach of this Agreement, Hidalgo's conviction of a felony, other conduct of a criminal nature that may have a material adverse impact on the Company's reputation, breach of fiduciary duty or the criminal misappropriation by Hidalgo of funds from or resources of the Company. Cause shall not be deemed to exist unless the Company shall have first given Hidalgo a written notice thereof specifying in reasonable detail the facts and circumstances alleged to constitute "cause" and thirty (30) days after such notice such conduct has, or such circumstances have, as the case may be, not entirely ceased and not been entirely remedied.

(d) Termination Upon Death or for Disability. This Agreement and Hidalgo's employment hereunder, shall automatically terminate upon Hidalgo's death or upon written notice to Hidalgo and certification of Hidalgo's disability by a qualified physician or a panel of qualified physicians if Hidalgo becomes disabled beyond a period of twelve (12) months and is unable to perform the duties contain in this Agreement.

(e) Effect of Termination In the event that this Agreement and Hidalgo's employment is voluntarily terminated by Hidalgo pursuant to Section 12(a) or for cause pursuant to Section 12(c), all obligations of the Company and all duties, responsibilities and obligations of Hidalgo under this Agreement shall cease. Upon such termination, Hidalgo shall be entitled to receive only the compensation, benefits, and reimbursement earned by or accrued to Hidalgo under the terms of this Agreement prior to the date of termination, but shall not be entitled to any further compensation, benefits, or reimbursement after such date. In the event the Company voluntarily terminates this Agreement pursuant to Section 12(b) or upon death or disability of Hidalgo pursuant to Section 12(d), Hidalgo shall be entitled to all compensation pursuant to Section 5 for the period between the effective termination date to the end of the Employment Term pursuant to Section 4. Payment will be made to Hidalgo or Hidalgo's appointed trustee. Other than as set forth above, Hidalgo shall not be entitled to any further compensation, benefits, or reimbursement after the date of his termination. In the event of a merger, consolidation, sale, or change of control, the Company's rights hereunder shall be assigned to the surviving or resulting company, which company shall then honor this Agreement with Hidalgo.

13. Resignation as Officer. In the event that Hidalgo's employment with the Company is terminated for any reason whatsoever, Hidalgo agrees to immediately resign as an Officer and/or Director of the Company and any related entities. For the purposes of this Section 13, the term the "Company" shall be deemed to include subsidiaries, parents, and affiliates of the Company.

14. Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Pennsylvania without giving effect to any applicable conflicts of law provisions.

15. Business Opportunities. During the Employment Term Hidalgo agrees to bring to the attention of the Company's board of directors all written business proposals that come to Hidalgo's attention and all business or investment opportunities of whatever nature that are created or devised by Hidalgo and that relate to areas in which the Company conducts business and might reasonably be expected to be of interest to the Company or any of its subsidiaries.

16. Employee's Representations and Warranties. Hidalgo hereby represents and warrants that he is not under any contractual obligation to any other company, entity or individual that would prohibit or impede Hidalgo from performing his duties and responsibilities under this Agreement and that he is free to enter into and perform the duties and responsibilities required by this Agreement. Hidalgo hereby agrees to indemnify and hold the Company and its officers, directors, employees, shareholders and agents harmless in connection with the representations and warranties made by Hidalgo in this Section 16.

17. Indemnification.

17.1

The Company agrees that if Hidalgo is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is Hidalgo's alleged action in an official capacity while serving as a director, officer, member, employee or agent, Hidalgo shall be indemnified and held harmless by the Company to the fullest extent permitted or authorized by the Company's certificate of incorporation or bylaws or, if greater, by the laws of the State of Pennsylvania, against all cost, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Hidalgo in connection

therewith, and such indemnification shall continue as to Hidalgo even if he has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of Hidalgo's heirs, executors and administrators. The Company shall advance to Hidalgo to the extent permitted by law all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 days after receipt by the Company of a written request, with appropriate documentation, for such advance. Such request shall include an undertaking by Hidalgo to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

17.2
Neither the failure of the Company (including its board of directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by Hidalgo that indemnification of Hidalgo is proper because he has met the applicable standard of conduct, nor a determination by the Company (including its board of directors, independent legal counsel or stockholders) that Hidalgo has not met such applicable standard of conduct, shall create a presumption that Hidalgo has not met the applicable standard of conduct.

17.3
The Company agrees to continue and maintain a directors' and officers' liability insurance policy covering Hidalgo to the extent the Company provides such coverage for its other executive officers.

17.4
Promptly after receipt by Hidalgo of notice of any claim or the commencement of any action or proceeding with respect to which Hidalgo is entitled to indemnity hereunder, Hidalgo shall notify the Company in writing of such claim or the commencement of such action or proceeding, and the Company shall (i) assume the defense of such action or proceeding, (ii) employ counsel reasonably satisfactory to Hidalgo, and (iii) pay the reasonable fees and expenses of such counsel. Notwithstanding the preceding sentence, Hidalgo shall be entitled to employ counsel separate from counsel for the Company and from any other party in such action if Hidalgo reasonably determines that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable. In such event, the reasonable fees and disbursements of such separate counsel for Hidalgo shall be paid by the Company to the extent permitted by law.

17.5
After the termination of this Agreement and upon the request of Hidalgo, the Company agrees to reimburse Hidalgo for all reasonable travel, legal and other out-of-pocket expenses related to assisting the Company to prepare for or defend against any action, suit, proceeding or claim brought or threatened to be brought against the Company or to prepare for or institute any action, suit, proceeding or claim to be brought or threatened to be brought against a third party arising out of or based upon the transactions contemplated herein and in providing evidence, producing documents or otherwise participating in any such action, suit, proceeding or claim. In the event Hidalgo is required to appear after termination of this Agreement at a judicial or regulatory hearing in connection with Hidalgo's employment hereunder, or Hidalgo's role in connection therewith, the Company agrees to pay Hidalgo a sum, to be mutually agreed upon by Hidalgo and the Company, per diem for each day of his appearance and each day of preparation therefor.

18. Notices. All demands, notices, and other communications to be given hereunder, if any, shall be in writing and shall be sufficient for all purposes if personally delivered, sent by facsimile or sent by United States mail to the address below or such other address or addresses as such party may hereafter designate in writing to the other party as herein provided.

Company:	Hidalgo:
WPCS International Incorporated 140 South Village Avenue, Suite 20 Exton, PA 19341	608 Perimeter Drive Downingtown, PA 19335

19. Entire Agreement. This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement, whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties. This Agreement may be modified or amended, if the amendment is made in writing and is signed by both parties. This Agreement is for the unique personal services of Hidalgo and is not assignable or delegable, in whole or in part, by Hidalgo. This Agreement may be assigned or delegated, in whole or in part, by the Company and, in such case, shall be assumed by and become binding upon the person, firm, company, corporation or business organization or entity to which this Agreement is assigned. The headings contained in this Agreement are for reference only and shall not in any way affect the meaning or

interpretation of this Agreement. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and, in pleading or proving any provision of this Agreement, it shall not be necessary to produce more than one of such counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WPCS INTERNATIONAL INCORPORATED:	HIDALGO:
By: /s/ Andrew Hidalgo	/s/ Andrew Hidalgo
Name: Andrew Hidalgo	Andrew Hidalgo
Title: Chairman, President & CEO	

Exhibit 10.12

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made effective as of the 1st day of April, 2004 (the "Effective Date").

AMONG:

HEINZ CORPORATION, a corporation formed pursuant to the laws of the State of Missouri and having an office for business located at 804 Lebanon Drive, St. Louis, Missouri 63104 ("Employer"), and wholly owned subsidiary of WPCS INTERNATIONAL INCORPORATED, a corporation formed pursuant to the laws of the State of Delaware ("Parent");

AND

JAMES HEINZ, an individual having an address at 804 Lebanon Drive, St. Louis, Missouri 63104 ("Employee")

WHEREAS, Employee, Parent and Employer are parties to that certain Agreement and Plan of Merger, made as of April 1, 2004 (the "Merger Agreement"), pursuant to which Employee has agreed to continue to serve as President of Employer, and Employer has agreed to hire Employee as such, pursuant to the terms and conditions of this Employment Agreement (the "Agreement").

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the mutual covenants, agreements, representations and warranties contained herein, the Merger Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and Employer hereby agree as follows:

ARTICLE 1
EMPLOYMENT

Employer hereby affirms, renews and extends the employment of Employee as President, and Employee hereby affirms, renews and accepts such employment by Employer for the "Term" (as defined in Article 3 below), upon the terms and conditions set forth herein. In addition, the Employee shall also serve as Executive Vice President of Parent during the Term, in charge of Employer, WPCS Incorporated and Invisinet, Inc.

ARTICLE 2
DUTIES

During the Term, Employee shall serve Employer and Parent faithfully, diligently and to the best of his ability, under the direction and supervision of the Board of Directors of Employer and the Chief Executive Officer of Parent and shall use his best efforts to promote the interests and goodwill of Employer, Parent and any affiliates, successors, assigns, parent corporations, subsidiaries, and/or future purchasers of Employer and Parent. Employee shall render such services during the Term at Employer's principal place of business or at such other place of business as may be determined by the Board of Directors of Employer, as Employer may from time to time reasonably require of him, and shall devote all of his business time to the performance thereof. Employee shall have those duties and powers as generally pertain to each of the offices of which he holds, as the case may be, subject to the control of the Board of Directors.

ARTICLE 3
TERM

The "Term" of this Agreement shall commence on the Effective Date and continue thereafter for a term of three (3) years, as may be extended or earlier terminated pursuant to the terms and conditions of this Agreement. The Term of this Agreement shall automatically renew for successive one (1) year periods unless, prior to the 30th calendar day preceding the expiration of the then existing Term, either Employer or Employee provides written notice to the other that it elects not to renew the Term. Upon delivery of such notice, this Agreement shall continue until expiration of the Term, whereupon this Agreement shall terminate and neither party shall have any further obligation thereafter arising under this Agreement, except as explicitly set forth herein to the contrary.

ARTICLE 4
COMPENSATION

Salary

4.1 Employer shall pay to Employee an annual salary (the "Salary") of One Hundred Forty Thousand Dollars ($140,000.00), payable in equal installments at the end of such regular payroll accounting periods as are established by Employer, or in such other installments upon which the parties hereto shall mutually agree, and in accordance with Employer's usual payroll procedures, but no less frequently than monthly.

Benefits

4.2 During the Term, Employee shall be entitled to participate in all medical and other employee benefit plans, including vacation, sick leave, retirement accounts and other employee benefits provided by Employer to similarly situated employees on terms and conditions no less favorable than those offered to such employees. Such participation shall be subject to the terms of the applicable plan documents, Employer's generally applicable policies, and the discretion of the Board of Directors or any administrative or other committee provided for in, or contemplated by, such plan.

Expense Reimbursement

4.3 Employer shall reimburse Employee for reasonable and necessary expenses incurred by him on behalf of Employer in the performance of his duties hereunder during the Term, including, without limitation, reimbursement for cellular telephone expenses in accordance with Employer's then customary policies, provided that such expenses are adequately documented.

Automobile

4.4 Employee shall be entitled to the full-time use of an automobile owned or leased by Employer. In addition, Employer shall reimburse Employee for all maintenance and gasoline expenses associated with the automobile, provided that such expenses are adequately documented.

Bonus

4.5 In addition to the Salary, Employee shall be entitled to receive an annual bonus equal to 2.5% (the "Bonus") of quarterly operating income, before the deduction of interest and income taxes of Employer, WPCS Incorporated and Invisinet, Inc. The amount of the Bonus shall be determined based upon the operating income reported in the financial statements of Employer and Parent, as calculated based on U.S. generally accepted accounting principles. Employer shall instruct its auditor to calculate the Bonus for each fiscal year or portion thereof ending after the date of this Agreement (an "Auditor's Bonus Report"), within 105 days after each fiscal year end. Employer shall provide a copy of each Auditor's Bonus Report to Employee promptly upon receipt thereof. Employee shall have the right to review and independently verify the conclusions of any Auditor's Bonus Report by delivering notice in writing to Employer within 30 days after receipt of any such Auditor's Bonus Report indicating that Employee wishes to exercise his right of review and verification. Within 10 business days after receipt of any such notice, Employer shall make available to Employee and his representatives, at reasonable times during normal business hours, the books and records of Employer which are reasonably necessary to conduct such review and verification. Employee shall cause such review to be conducted and concluded as quickly as reasonably practicable and in such a manner so as not to unreasonably interfere with the business and operations of Employer. Any representatives conducting such review shall, prior to being given access to such books and records, be required to enter into confidentiality and non-disclosure agreements with Employer on terms and conditions satisfactory to Employer, acting reasonably. The costs of any such review shall be borne by Employee unless the review indicates a discrepancy between the Bonus figure contained in the Auditor's Bonus Report and the figure, if any, agreed to by Employer and Employee following such review of greater than 10%. If Employee and Employer shall be unable to resolve any dispute respecting any determination contained in any Auditor's Bonus Report, then any disputed matters ("Disputed Items") shall, within 20 days after notice is delivered by Employee to Employer that there exist Disputed Items, be submitted to arbitration as set forth below. Within five (5) business days of Employee's delivery of written acceptance

of the Auditor's Bonus Report (as may have been amended or adjusted pursuant to the foregoing procedures) to Employer, Employer shall pay Employee the Bonus in a lump sum, subject to Employer's statutory and customary withholdings.

Arbitration

4.6 An independent chartered accountant chosen by Employer (hereinafter referred to as "Employer's Accountant") and an independent chartered accountant chosen by Employee (hereinafter referred to as "Employee's Accountant") shall together within 20 days, appoint a representative from an accounting firm (other than Employer's Accountant or Employee's Accountant) to arbitrate the dispute (hereinafter referred to as the "Arbitrator"). The parties shall, within 20 days after the appointment of the Arbitrator, present their position with respect to the Disputed Items to the Arbitrator together with such other materials as the Arbitrator deems appropriate. The Arbitrator shall within 20 days after the submission of such evidence, submit its written decision on each Disputed Item to the parties. Any determination by the Arbitrator with respect to any Disputed Item shall be final and binding on such parties. The Arbitrator shall comply, and the arbitration shall be conducted in accordance with, the Commercial Arbitration Rules of American Arbitration Association then in force. If the Arbitrator determines that the Auditor's Bonus Report was correct so that the

Bonus presented therein was equal to or greater than the actual Bonus, or less than the actual Bonus by a less than 10% variance, the costs of any such arbitration shall be borne by Employee. If the Arbitrator determines that the Auditor's Bonus Report was incorrect so that the Bonus presented therein was less than the actual Bonus by more than 10%, the costs of any such arbitration shall be borne by Employer.

ARTICLE 5
OTHER EMPLOYMENT

During the Term of this Agreement, Employee shall devote substantially all of his business and professional time and effort, attention, knowledge, and skill to the management, supervision and direction of Employer's business and affairs as Employee's highest professional priority. Except as provided below, Employer shall be entitled to all benefits, profits or other issues arising from or incidental to all work, services and advice performed or provided by Employee. Nothing in this Agreement shall preclude Employee from devoting reasonable periods required for:

(a) serving as a director or member of a committee of any organization or corporation involving no conflict of interest with the interests of Employer, provided that Employee must obtain the written consent of Employer;

(b) serving as a consultant in his area of expertise (in areas other than in connection with the business of Employer), to government, industrial, and academic panels where it does not conflict with the interests of Employer; and

(c) managing his personal investments or engaging in any other non-competing business;

provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement.

ARTICLE 6
CONFIDENTIAL INFORMATION/INVENTIONS

Confidential Information

6.1 Employee shall not, in any manner, for any reasons, either directly or indirectly, divulge or communicate to any person, firm or corporation, any confidential information concerning any matters not generally known in the wireless communications industry or otherwise made public by Employer which affects or relates to Employer's business, finances, marketing and/or operations, research, development, inventions, products, designs, plans, procedures, or other data (collectively, "Confidential Information") except in the ordinary course of business or as required by applicable law. Without regard to whether any item of Confidential Information is deemed or considered confidential, material, or important, the parties hereto stipulate that as between them, to the extent such item is not generally known in the wireless communications industry, such item is important, material, and confidential and affects the successful conduct of Employer's business and goodwill, and that any breach of the terms of this Section 6.1 shall be a material and incurable breach of this Agreement. Confidential Information shall not include: (i) information obtained or which became known to Employee other than through his employment by Employer; (ii) information in the public domain at the time of the disclosure of such information by Employee; (iii) information that Employee can document was independently developed by Employee; and (iv) information that is disclosed by Employee with the prior written consent of Parent.

Documents

6.2 Employee further agrees that all documents and materials furnished to Employee by Employer and relating to the Employer's business or prospective business are and shall remain the exclusive property of Employer. Employee shall deliver all such documents and materials, uncopied, to Employer upon demand therefore and in any event upon expiration or earlier termination of this Agreement. Any payment of sums due and owing to Employee by Employer upon such expiration or earlier termination shall be conditioned upon returning all such documents and materials, and Employee expressly authorizes Employer to withhold any payments due and owing pending return of such documents and materials.

Inventions

6.3 All ideas, inventions, and other developments or improvements conceived or reduced to practice by Employee, alone or with others, during the Term of this

Agreement, whether or not during working hours, that are within the scope of the business of Employer or that relate to or result from any of Employer's work or projects or the services provided by Employee to Employer pursuant to this Agreement, shall be the exclusive property of Employer. Employee agrees to assist Employer, at Employer's expense, to obtain patents and copyrights on any

such ideas, inventions, writings, and other developments, and agrees to execute all documents necessary to obtain such patents and copyrights in the name of Employer.

Disclosure

6.4 During the Term, Employee will promptly disclose to the Board of Directors of Employer full information concerning any interest, direct or indirect, of Employee (as owner, shareholder, partner, lender or other investor, director, officer, employee, consultant or otherwise) or any member of his immediate family in any business that is reasonably known to Employee to purchase or otherwise obtain services or products from, or to sell or otherwise provide services or products to, Employer or to any of its suppliers or customers.

ARTICLE 7
COVENANT NOT TO COMPETE

Except as expressly permitted in Article 5 above, during the Term of this Agreement, Employee shall not engage in any of the following competitive activities: (a) engaging directly or indirectly in any business or activity substantially similar to any business or activity engaged in (or proposed to be engaged in) by Employer; (b) engaging directly or indirectly in any business or activity competitive with any business or activity engaged in (or proposed to be engaged in) by Employer; (c) soliciting or taking away any employee, agent, representative, contractor, supplier, vendor, customer, franchisee, lender or investor of Employer, or attempting to so solicit or take away; (d) interfering with any contractual or other relationship between Employer and any employee, agent, representative, contractor, supplier, vendor, customer, franchisee, lender or investor; or (e) using, for the benefit of any person or entity other than Employer, any Confidential Information of Employer. The foregoing covenant prohibiting competitive activities shall survive the termination of this Agreement and shall extend, and shall remain enforceable against Employee, for the period of two (2) years following the date this Agreement is terminated. In addition, during the two-year period following such expiration or earlier termination, neither Employee nor Employer shall make or permit the making of any negative statement of any kind concerning Employer or its affiliates, or their directors, officers or agents or Employee.

ARTICLE 8
SURVIVAL

Employee agrees that the provisions of Articles 6, 7 and 9 shall survive expiration or earlier termination of this Agreement for any reasons, whether voluntary or involuntary, with or without cause, and shall remain in full force and effect thereafter.

Notwithstanding the foregoing, if this Agreement is terminated upon the dissolution of Parent or Employer, the filing of a petition in bankruptcy by Parent or Employer or upon an assignment for the benefit of creditors of the assets of Parent or Employer, Articles 6, 7 and 9 shall be of no further force or effect.

ARTICLE 9
INJUNCTIVE RELIEF

Employee acknowledges and agrees that the covenants and obligations of Employee set forth in Articles 6 and 7 with respect to non-competition, non-solicitation, confidentiality and Employer's property relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause Employer irreparable injury for which adequate remedies are not available at law. Therefore, Employee agrees that Employer shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) as a court of competent jurisdiction may deem necessary or appropriate to restrain Employee from committing any violation of the covenants and obligations referred to in this Article 9. These injunctive remedies are cumulative and in addition to any other rights and remedies Employer may have at law or in equity.

ARTICLE 10
TERMINATION

Termination by Employee

10.1 Employee may terminate this Agreement for Good Reason at any time upon 30 days' written notice to Employer, provided the Good Reason has not been cured within such period of time. Employee may terminate this Agreement at any time for any reason upon 30 days' prior notice to Employer.

Good Reason

10.2 In this Agreement, "Good Reason" means, without Employee's prior written consent, the occurrence of any of the following events, unless Employer shall have fully cured all grounds for such termination within thirty (30) days after Employee gives notice thereof:

(i) any reduction in his then-current Salary;

(ii) any material failure to timely grant, or timely honor, any equity or long-term incentive award;

(iii) failure to pay or provide required compensation and benefits;

(iv) any failure to appoint, elect or reelect him to the position of President of Employer; the removal of him from such position; or any changes in the

reporting structure so that Employee reports to someone other than the board of directors of Employer in connection with such position;

(v) any material diminution in his title or duties or the assignment to him of duties not customarily associated with Employee's position as President of Employer;

(vi) any relocation of Employee's office as assigned to him by Employer, to a location more than 25 miles from Employer's current office;

(vii) the failure of Employer to obtain the assumption in writing of its obligation to perform the Employment Agreement by any successor to all or substantially all of the assets of Employer or Parent or upon a merger, consolidation, sale or similar transaction of Employer or Parent; or

(viii) the voluntary or involuntary dissolution of Employer or Parent, the filing of a petition in bankruptcy by Parent or Employer or upon an assignment for the benefit of creditors of the assets of Parent or Employer.

The written notice given hereunder by Employee to Employer shall specify in reasonable detail the cause for termination, and such termination notice shall not be effective until thirty (30) days after Employer's receipt of such notice, during which time Employer shall have the right to respond to Employee's notice and cure the breach or other event giving rise to the termination.

Termination by Employer

10.3 Employer may terminate its employment of Employee under this Agreement for cause at any time by written notice to Employee. For purposes of this Agreement, the term "cause" for termination by Employer shall be (a) a conviction of or plea of guilty or nolo contendere by Employee to a felony, or any crime involving fraud or embezzlement; (b) the refusal by Employee to perform his material duties and obligations hereunder; (c) Employee's willful and intentional misconduct in the performance of his material duties and obligations; or (d) if Employee or any member of his family makes any personal profit arising out of or in connection with a transaction to which Employer is a party or with which it is associated without making disclosure to and obtaining the prior written consent of Parent. The written notice given hereunder by Employer to Employee shall specify in reasonable detail the cause for termination. For purposes of this Agreement, "family" shall mean Employee's spouse and/or children. In the case of a termination for the causes described in (a) and (d) above, such termination shall be effective upon receipt of the written notice. In the case of the causes described in (b) and (c) above, such termination notice shall not be effective until thirty (30) days after Employee's receipt of such notice, during which time Employee shall have the right to respond to Employer's notice and cure the breach or other event giving rise to the termination.

Severance

10.4 Upon a termination of this Agreement without Good Reason by Employee or with cause by Employer, Employer shall pay to Employee all accrued and unpaid compensation as of the date of such termination, subject to the provision of Section 6.2. Upon a termination of this Agreement with Good Reason by Employee or without cause by Employer, Employer shall pay to Employee all accrued and unpaid compensation and expense reimbursement as of the date of such termination and the "Severance Payment." The Severance Payment shall be payable in a lump sum, subject to Employer's statutory and customary withholdings. If the termination of Employee hereunder is by Employee with Good Reason, the Severance Payment shall be paid by Employer within five (5) business days of the expiration of any applicable cure period. If the termination of Employee hereunder is by Employer without cause, the Severance Payment shall be paid by Employer within five (5) business days of termination. The "Severance Payment" shall equal the greater of: (a) the total amount of the Salary payable to Employee under Section 4.1 of this Agreement from the date of such termination until the end of the Term of this Agreement (prorated for any partial month), or (b) the amount of twelve (12) months' Salary; notwithstanding the foregoing, during any renewal term of this Agreement, the amount of the "Severance Payment"

payable to Employee hereunder shall equal six (6) months' Salary.

Termination Upon Death

10.5 If Employee dies during the Term of this Agreement, this Agreement shall terminate, except that Employee's legal representatives shall be entitled to receive any earned but unpaid compensation or expense reimbursement due hereunder through the date of death.

Termination Upon Disability

10.6 If, during the Term of this Agreement, Employee suffers and continues to suffer from a "Disability" (as defined below), then Employer may terminate this Agreement by delivering to Employee thirty (30) calendar days' prior written notice of termination based on such Disability, setting forth with specificity the nature of such Disability and the determination of Disability by Employer. For the purposes of this Agreement, "Disability" means Employee's inability, with reasonable accommodation, to substantially perform Employee's duties, services and obligations under this Agreement due to physical or mental illness or other disability for a continuous, uninterrupted period of sixty (60) calendar days or ninety (90) days during any twelve month period. Upon any such termination for Disability, Employee shall be entitled to receive any earned but unpaid compensation or expense reimbursement due hereunder through the date of termination.

ARTICLE 11
PERSONNEL POLICIES, CONDITIONS, AND BENEFITS

Except as otherwise provided herein, Employee's employment shall be subject to the personnel policies and benefit plans which apply generally to Employer's employees as the same may be interpreted, adopted, revised or deleted from time to time, during the Term of this Agreement, by Parent in its sole discretion. During the Term hereof, Employee shall be entitled to vacation during each year of the Term at the rate of four (4) weeks per year. Within 30 days after the end of each year of the Term, Employer shall elect to (a) carry over and allow Employee the right to use any accrued and unused vacation of Employee, or (ii) pay Employee for such vacation in a lump sum in accordance with its standard payroll practices. Employee shall take such vacation at a time approved in advance by the Board of Directors of Employer, which approval will not be unreasonably withheld but will take into account the staffing requirements of Employer and the need for the timely performance of Employee's responsibilities.

ARTICLE 12
BENEFICIARIES OF AGREEMENT

This Agreement shall inure to the benefit of Employer and any affiliates, successors, assigns, parent corporations, subsidiaries, and/or purchasers of Employer or Parent as they now or shall exist while this Agreement is in effect.

ARTICLE 13
GENERAL PROVISIONS

No Waiver

13.1 No failure by either party to declare a default based on any breach by the other party of any obligation under this Agreement, nor failure of such party to act quickly with regard thereto, shall be considered to be a waiver of any such obligation, or of any future breach.

Modification

13.2 No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the parties to be charged therewith.

Choice of Law/Jurisdiction

13.3 This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri, without regard to any conflict-of-laws principles. Employer and Employee hereby consent to personal jurisdiction before all courts in the State of

Missouri, and hereby acknowledge and agree that Missouri is and shall be the most proper forum to bring a complaint before a court of law.

Entire Agreement

13.4 This Agreement embodies the whole agreement between the parties hereto regarding the subject matter hereof and there are no inducements, promises, terms, conditions, or obligations made or entered into by Employer or Employee other than contained herein.

Severability

13.5 All agreements and covenants contained herein are severable, and in the event any of them, with the exception of those contained in Articles 1 and 4 hereof, shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid agreements or covenants were not contained herein.

Headings

13.6 The headings contained herein are for the convenience of reference and are not to be used in interpreting this Agreement.

Independent Legal Advice

13.7 Employer has obtained legal advice concerning this Agreement and has requested that Employee obtain independent legal advice with respect to same before executing this Agreement. Employee, in executing this Agreement, represents and warranties to Employer that he has been so advised to obtain independent legal advice, and that prior to the execution of this Agreement he has so obtained independent legal advice, or has, in his discretion, knowingly and willingly elected not to do so.

No Assignment

13.8 Employee may not assign, pledge or encumber his interest in this Agreement nor assign any of his rights or duties under this Agreement without the prior written consent of Parent.

IN WITNESS WHEREOF the parties have executed this Agreement effective as of the day and year first above written.

HEINZ CORPORATION

By: /s/ James Heinz

/s/ James Heinz

JAMES HEINZ

EXHIBIT 10.5

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into as of February 1, 2004 by and between WPCS INTERNATIONAL INCORPORATED, a Delaware corporation, with an office located at 140 South Village Avenue, Suite 20, Exton, PA 19341 (the " Company") an Joseph A. Heater, an individual and resident of 445 Creekside Drive, Downingtown, PA 19335 ("Heater").

WHEREAS, the Company is in the business of providing wireless and landline products and services; and

WHEREAS, Heater has had experience in the financial operations of public companies and larger corporations; and

WHEREAS, the Company desires to retain the services of Heater; and

WHEREAS, Heater is willing to be employed by the Company;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Employment. Heater is hereby employed and engaged to serve the Company as its Chief Financial Officer, or such additional titles as the Company shall specify from time to time, and Heater does hereby accept, and Heater hereby agrees to such engagement and employment. At all times during the term of Heater's employment, he shall report to the President and Chief Executive Officer of the Company or whom the Board of Director's should designate.

2. Duties. Heater shall be responsible for the overall financial operations, financial controls and financial reporting for the Company. In addition, Heater's duties shall be such duties and responsibilities as the Company shall specify from time to time, and shall entail those duties customarily performed by the Chief Financial Officer with a sales volume and number of employees commensurate with those of the Company. Heater shall have such authority, discretion, power and responsibility, and shall be entitled to office, support and other facilities and conditions of employment, as are customary or appropriate to his position. Heater shall diligently and faithfully execute and perform such duties and responsibilities, subject to the general supervision and control of the Company's President and Chief Executive Officer and Board of Directors. The Company's President and Chief Executive Officer or the Board of Directors, in its sole and absolute discretion, shall determine Heater's duties and responsibilities and may assign or reassign Heater to such duties and responsibilities as it deems in the Company's best interest. Heater shall devote his full-time attention, energy, and skill during normal business hours to the business and affairs of the Company and shall not, during the Employment Term, as that term is defined below, be actively engaged in any other business activity, except with the prior written consent of the Company's President and Chief Executive Officer or Board of Directors.

Nothing in this Agreement shall preclude Heater from devoting reasonable periods required for:

(a) serving as a director or member of a committee of any organization or corporation involving no conflict of interest with the interests of the Company;

(b) serving as a consultant in his area of expertise (in areas other than in connection with the business of the Company), to government and academic panels where it does not conflict with the interests of the Company; and

(c) managing his personal investments or engaging in any other non-competing business; provided that such activities do not materially interfere with the regular performance of his duties and responsibilities under this Agreement as determined by the Company.

3. Best Efforts of Heater. During his employment hereunder, Heater shall devote his full business time, best efforts, business judgment, skill, and knowledge to the advancement of the Company's interests and to the discharge of his duties and responsibilities hereunder. Notwithstanding the foregoing, nothing herein shall be construed as preventing Heater from investing his assets in any business.

4. Employment Term. This Agreement shall have a term of three (3) years beginning February 1, 2004 (the "Employment Term").

5. Compensation of Heater. As compensation for the services provided by Heater under this Paragraph, the Company shall pay Heater an annual salary of One Hundred, Thirty-Two Thousand Dollars ($132,000), to be paid in accordance with the Company's usual payroll procedures. In addition to the above base compensation, Heater shall be eligible to receive bonuses based on the performance of the Company.

6. Benefits. Heater shall also be entitled to participate in any and all Company benefit plans, such as health and dental insurance, in effect for employees of the Company. Such participation shall be subject to the terms of the applicable plan documents and generally applicable Company policies.

7. Vacation, Sick Leave and Holidays. Heater shall be entitled to two (2) weeks of paid vacation, with such vacation to be scheduled and taken in accordance with the Company's standard vacation policies. In addition, Heater shall be entitled to such sick leave and holidays at full pay in accordance with the Company's policies established and in effect from time to time.

8. Business Expenses. The Company shall promptly reimburse Heater for all reasonable out-of-pocket business expenses incurred in performing Heater's duties and responsibilities hereunder in accordance with the Company's policies, provided Heater promptly furnishes to the Company adequate records of each such business expense.

9. Location of Heater's Activities. Heater's principal place of business in the performance of his duties and obligations under this Agreement shall be in the Exton, Pennsylvania area. Notwithstanding the preceding sentence, Heater will engage in such travel and spend such time in other places as may be necessary or appropriate in furtherance of his duties hereunder.

10. Confidentiality. Heater recognizes that the Company has and will have business affairs, products, future plans, trade secrets, customer lists, and other vital information (collectively "Confidential Information") that are valuable assets of the Company. Heater agrees that he shall not at any time or in any manner, either directly or indirectly, divulge, disclose, or communicate in any manner any Confidential Information to any third party without the prior written consent of the Company's President and Chief Executive Officer or Board of Directors. Heater will protect the Confidential Information and treat it as strictly confidential.

11. Non-Competition. Heater acknowledges that he has gained, and will gain extensive knowledge in the business conducted by the Company and has had, and will have, extensive contacts with customers of the Company. Accordingly, Heater agrees that he shall not compete directly or indirectly with the Company, either during the Employment Term or during the one (1) year period immediately after the termination of Heater's employment under Section 12 and shall not, during such period, make public statements in derogation of the Company. For the purposes of this Section 11, competing directly or indirectly with the Company shall mean engaging, directly or indirectly, as principal owner, officer, partner, consultant, advisor, or otherwise, either alone or in association with others, in the operation of any entity engaged in a business similar to that of the Company's.

12. Termination. Notwithstanding any other provisions hereof to the contrary, Heater's employment hereunder shall terminate under the following circumstances:

(a) Voluntary Termination by Heater. Heater shall have the right to voluntarily terminate this Agreement and his employment hereunder at any time during the Employment Term.

(b) Voluntary Termination by Company. The Company shall have the right to voluntarily terminate this Agreement and Heater's employment hereunder at any time during the Employment Term.

(c) Termination for Cause. The Company shall have the right to terminate this Agreement and Heater's employment hereunder at any time for cause. As used in this Agreement, "cause" shall mean refusal by Heater to implement or adhere to lawful policies or directives of the Company's President and Chief Executive Officer or Board of Directors, breach of this Agreement, Heater's conviction of a felony, other conduct of a criminal nature that may have a material adverse impact on the Company's reputation, breach of fiduciary duty or the criminal misappropriation by Heater of funds from or resources of the Company. Cause shall not be deemed to exist unless the Company shall have first given Heater a written notice thereof specifying in reasonable detail the facts and circumstances alleged to constitute "cause" and thirty (30) days after such notice such conduct has, or such circumstances have, as the case may be, not entirely ceased and not been entirely remedied.

(d) Termination Upon Death or for Disability. This Agreement and Heater's employment hereunder, shall automatically terminate upon Heater's death or upon written notice to Heater and certification of Heater's disability by a qualified physician or a panel of qualified physicians if Heater becomes disabled beyond a period of three (3) months and is unable to substantially perform the duties contained in this Agreement.

(e) Effect of Termination In the event that this Agreement and Heater's employment is voluntarily terminated by Heater pursuant to Section

12(a) or for cause pursuant to Section 12(c) or upon death or disability of Heater pursuant to Section 12(d), all obligations of the Company and all duties, responsibilities and obligations of Heater under this Agreement shall cease. Upon such termination, Heater shall be entitled to receive only the compensation, benefits, and reimbursement earned by or accrued to Heater under the terms of this Agreement prior to the date of termination, but shall not be entitled to any further compensation, benefits, or reimbursement after such date. In the event the Company voluntarily terminates this Agreement pursuant to Section 12(b), Heater shall be entitled to all compensation pursuant to Section 5 and benefits pursuant to Section 6 for the period between the effective termination date to the end of the Employment Term pursuant to Section 4. Other than as set forth above, Heater shall not be entitled to any further compensation, benefits, or reimbursement after the date of his termination. In the event of a merger, consolidation, sale, or change of control, the Company's rights hereunder shall be assigned to the surviving or resulting company, which company shall then honor this Agreement with Heater.

13. Resignation as Officer. In the event that Heater's employment with the Company is terminated for any reason whatsoever, Heater agrees to immediately resign as an Officer and/or Director of the Company and any related entities. For the purposes of this Section 13, the term the "Company" shall be deemed to include subsidiaries, parents, and affiliates of the Company.

14. Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to any applicable conflicts of law provisions.

15. Business Opportunities. During the Employment Term, Heater agrees to bring to the attention of the Company's President and Chief Executive Officer and Board of Directors, all written business proposals that come to Heater's attention and all business or investment opportunities of whatever nature that are created or devised by Heater and that relate to areas in which the Company conducts business and might reasonably be expected to be of interest to the Company or any of its subsidiaries.

16. Employee's Representations and Warranties. Heater hereby represents and warrants that he is not under any contractual obligation to any other company, entity or individual that would prohibit or impede Heater from performing his duties and responsibilities under this Agreement and that he is free to enter into and perform the duties and responsibilities required by this Agreement. Heater hereby agrees to indemnify and hold the Company and its officers, directors, employees, shareholders and agents harmless in connection with the representations and warranties made by Heater in this Section 16.

17. Indemnification.

17.1
The Company agrees that if Heater is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is Heater's alleged action in an official capacity while serving as a director, officer, member, employee or agent, Heater shall be indemnified and held harmless by the Company to the fullest extent permitted or authorized by the Company's certificate of incorporation or bylaws or, if greater, by the laws of the Commonwealth of Pennsylvania, against all cost, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Heater in connection therewith, and such indemnification shall continue as to Heater even if he has ceased to be a director, member, employee or agent of the Company or other entity and shall inure to the benefit of Heater's heirs, executors and administrators. The Company shall advance to Heater to the extent permitted by law all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 days after receipt by the Company of a written request, with appropriate documentation, for such advance. Such request shall include an undertaking by Heater to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

17.2
Neither the failure of the Company (including its board of directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by Heater that indemnification of Heater is proper because he has met the applicable standard of conduct, nor a determination by the Company (including its board of directors, independent legal counsel or stockholders) that Heater

has not met such applicable standard of conduct, shall create a presumption that Heater has not met the applicable standard of conduct.

17.3
The Company agrees to use its best efforts to maintain a directors' and officers' liability insurance policy.

17.4
Promptly after receipt by Heater of notice of any claim or the commencement of any action or proceeding with respect to which Heater is entitled to indemnity hereunder, Heater shall notify the Company in writing of such claim or the commencement of such action or proceeding, and the Company shall (i) assume the defense of such action or proceeding, (ii) employ counsel reasonably satisfactory to Heater, and (iii) pay the reasonable fees and expenses of such counsel. Notwithstanding the preceding sentence, Heater shall be entitled to employ counsel separate from counsel for the Company and from any other party in such action if Heater reasonably determines that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable. In such event, the reasonable fees and disbursements of such separate counsel for Heater shall be paid by the Company to the extent permitted by law.

17.5
After the termination of this Agreement and upon the request of Heater, the Company agrees to reimburse Heater for all reasonable travel, legal and other out-of-pocket expenses related to assisting the Company to prepare for or defend against any action, suit, proceeding or claim brought or threatened to be brought against the Company or to prepare for or institute any action, suit, proceeding or claim to be brought or threatened to be brought against a third party arising out of or based upon the transactions contemplated herein and in providing evidence, producing documents or otherwise participating in any such action, suit, proceeding or claim. In the event Heater is required to appear after termination of this Agreement at a judicial or regulatory hearing in connection with Heater's employment hereunder, or Heater's role in connection therewith, the Company agrees to pay Heater a sum, to be mutually agreed upon by Heater and the Company, per diem for each day of his appearance and each day of preparation thereof.

18. Notices. All demands, notices, and other communications to be given hereunder, if any, shall be in writing and shall be sufficient for all purposes if personally delivered, sent by facsimile or sent by United States mail to the address below or such other address or addresses as such party may hereafter designate in writing to the other party as herein provided.

Company:
WPCS International Incorporated
140 South Village Avenue, Suite 20
Exton, PA 19341

Heater:
445 Creekside Drive
Downingtown, PA 19335

19. Entire Agreement. This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement, whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties. This Agreement may be modified or amended, if the amendment is made in writing and is signed by both parties. This Agreement is for the unique personal services of Heater and is not assignable or delegable, in whole or in part, by Heater. This Agreement may be assigned or delegated, in whole or in part, by the Company and, in such case, shall be assumed by and become binding upon the person, firm, company, corporation or business organization or entity to which this Agreement is assigned. The headings contained in this Agreement are for reference only and shall not in any way affect the meaning or interpretation of this Agreement. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and, in pleading or proving any provision of this Agreement, it shall not be necessary to produce more than one of such counterparts.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WPCS INTERNATIONAL INCORPORATED:

By: /s/ Andrew Hidalgo

Name: Andrew Hidalgo

Title: Chairman, President & CEO

HEATER:

/s/ Joseph A. Heater

Joseph A. Heater

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the inclusion in Amendment No. 3 to the registration statement on Form SB-2 (File No. 333-109522) of our report dated August 13, 2003 on our audit of the consolidated financial statements of WPCS International Incorporated as of and for the year ended April 30, 2003. We also consent to the reference to our Firm under the caption "Experts."

/s/ J.H. Cohn LLP

Roseland, New Jersey
April 27, 2004

Exhibit 23.2

LEONARD FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT
385 Old Westbury Road
East Meadow, New York 11554
Tel: (516)735-0824 Fax: (516) 735-6301

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

I consent to the inclusion in this registration statement on Form SB-2 (File No. 333-109522) of my report dated July 1, 2002 on my audit of the financial statements of WPCS Holdings, Inc. I also consent to the reference of my Firm under the caption "Experts."

/s/ Leonard Friedman CPA
East Meadow, New York
April 28, 2004

Exhibit 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the inclusion in this registration statement on Form SB-2 (File No. 333-109522) of our report dated September 23, 2002 on our audit of the consolidated financial statements of Invisinet, Inc. We also consent to the reference to our Firm under the caption "Experts."

/s/Blackman Kallick Bartelstein LLP

Chicago, Illinois
April 28, 2004

Exhibit 23.4

LEONARD FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT
385 Old Westbury Road
East Meadow, New York 11554
Tel: (516)735-0824 Fax: (516) 735-6301

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

I consent to the inclusion in this registration statement on Form SB-2 (File No. 333-109522) of my report dated February 5, 2003 on my audit of the financial statements of Walker Comm, Inc. I also consent to the reference of my Firm under the caption "Experts."

/s/ Leonard Friedman CPA
East Meadow, New York
April 28, 2004

Exhibit 23.5

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the inclusion in this registration statement on Form SB-2 (File No. 333-109522) of our report dated September 15, 2003 on our audit of the consolidated financial statements of Clayborn Contracting Group, Inc. We also consent to the reference to our Firm under the caption "Experts."

/s/Burnett + Company LLP

Rancho Cordova, California
April 28, 2004

Exhibit 23.6

MICHAEL N. FITZGERALD Ph.D.
CERTIFIED PUBLIC ACCOUNTANT
1742 Gilsinn Lane
Fenton, MO 63026
(636) 343-4001

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

I consent to the inclusion in this registration statement on Form SB-2 (File No. 333-109522) of my report dated March 5, 2004 on my audit of the consolidated financial statements of Heinz Corporation. I also consent to the reference of my Firm under the caption "Experts."

/s/ Michael N. Fitzgerald Ph.D.

Fenton, Missouri
April 30, 2004