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

FORM 10-KSB/A

Amendment No. 2

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2003

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

For the transition period from _________ to __________

Commission file number: 0-26277

WPCS INTERNATIONAL INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	98-0204758
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

140 South Village Avenue
Suite 20
Exton, Pennsylvania 19341

(Address of principal executive offices)

(610) 903-0400
(Registrant's telephone number, including area code)

Phoenix Star Ventures, Inc.
2438 Marine Drive, Suite 215
West Vancouver, British Columbia, Canada V7V 1L2
(Former name, former address and former fiscal year,
if changed since last report)

Securities registered pursuant to Section 12(g) of the Act:

None

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

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

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 13,078,844 shares issued and outstanding as of July 22, 2003.

PART I

ITEM 1. - BUSINESS

This Annual Report on Form 10-KSB/A (including the section regarding Management's Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report on Form 10-KSB/A. Additionally, statements concerning future matters are

forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-KSB reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Related to Our Business" below, as well as those discussed elsewhere in this Annual Report on Form 10-KSB/A. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-KSB/A. We file reports with the Securities and Exchange Commission ("SEC"). We make available on our website under "Investor Relations/SEC Filings," free of charge, our annual reports on Form 10-KSB, quarterly reports on Form 10-QSB, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with or furnish them to the SEC. Our website address is www.wpcs.com. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-KSB/A. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Description of the 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 year ended April 30, 2003, the acquisition of Invisinet increased sales by approximately $1.1 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 year ended April 30, 2003, the acquisition of Walker increased sales by approximately $3.5 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 $3.8 million.

Our Business

We generate our revenue by providing project engineering and deployment services for specialty communication systems, wireless fidelity (WiFi) and fixed wireless systems. We have two reportable segments, specialty communication systems and wireless infrastructure services.

Specialty 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 66% 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 include 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 34% 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 April 30, 2003, we had a backlog of unfilled orders believed to be firm of approximately $4.8 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 July 31, 2003, we employed 81 full time employees, of which 62 are project engineers, nine are project managers, five are in administration and five are executives. 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.

RISK RELATED TO BUSINESS

You should carefully consider the following risk factors and all other information contained herein as well as the information included in this Annual Report in evaluating our business and prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and

uncertainties, other than those we describe below, that are not presently known to us or that we currently believe are immaterial, may also impair our business operations. If any of the following risks occur, our business and financial results could be harmed. You should refer to the other information contained in this Annual Report, including our consolidated financial statements and the related notes.

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. 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 three 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 42.8% 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.

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.

ITEM 2 - 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 2002 and 2003, 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
Livermore, Californa	October 31, 2003	$20,000
San Leandro, California	July 31, 2006	$13,000
Denville, New Jersey	month-to-month	$11,000 (b)

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

(b) The lease for our Denville, New Jersey location is month to month lease, therefore the minimum annual rental price assumes we rent the property for the entire year.

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

ITEM 3 - LEGAL PROCEEDINGS

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's business. The Company is 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.

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

None

PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

During the fiscal year ended April 30, 2003, our common stock was quoted on the over-the-counter bulletin board under the symbol "WPCS". The following table sets forth the range of the high and low bid quotations for our common stock for the periods indicated. Such market quotations reflect inter-dealer prices, without mark-up, mark-down or commission and may not necessarily represent actual transactions.

2003	High	Low
First quarter	$2.55	$0.07
Second quarter	1.90	1.35
Third quarter	2.08	1.05
Fourth quarter	1.95	1.11

As of July 22, 2003, there were approximately 53 holders of record of our common stock and the closing bid quotation of our common stock was $1.12 per share.

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.

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF 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 year ended April 30, 2003, the acquisition of Invisinet increased our revenue by approximately $1.1 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 year ended April 30, 2003, the acquisition of Walker increased our revenue approximately $3.5 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 $3.8 million.

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 two privately-held companies, Invisinet and Walker.

- 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.

- As of April 30, 2003, the specialty communications segment represents approximately 66% of total revenue, and wireless infrastructure services represent approximately 34% 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 April 30, 2003, our backlog has increased to approximately $4.8 million. 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.

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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	Year ended April 30, 2003		For the period November 15, 2001 (date of inception) to April 30, 2002	
<S>	<C>	<C>	<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 costs and 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.

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.

Liquidity and capital resources

At April 30, 2003, we had working capital of approximately $1,435,000, which consisted of current assets of approximately $3,264,000 and current liabilities of $1,829,000. Current assets included $168,000 in cash, $2,805,000 in accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts, $78,000 in inventories, $143,000 in prepaid expenses and $70,000 in current portion of deferred tax assets. Current liabilities included $1,494,000 in accounts payable, accrued expenses and billings in excess of costs and estimated earnings on uncompleted contracts, $100,000 payable to an officer of the Company, $58,000 payable to shareholders of the company, $23,000 in current lease obligations and equipment loans payable, $24,000 in income taxes payable and $129,000 in current portion of deferred tax liabilities.

We used approximately $965,000 in cash from operating activities during the year ended April 30, 2003. This was mainly comprised of a $381,000 net loss for the year ended April 30, 2003, offset by $153,000 in net non-cash charges, a $676,000 net increase in accounts receivables, $10,000 increase in costs and estimated earnings in excess of billings on uncompleted contracts, $100,000 increase in prepaid expenses, offset by a $2,000 decrease in inventory, $27,000 increase in accounts payable and billings in excess of costs and estimated earnings on uncompleted contracts and $20,000 increase in income taxes payable.

The Company's investing activities utilized approximately $165,000, which consisted of $500,000 paid for the acquisition of Walker to its shareholders, $54,000 paid as acquisition costs for acquiring Invisinet and Walker, offset by approximately $178,000 received in cash on acquisition of these businesses. The Company collected on a note receivable in connection with the acquisition of Invisinet in the amount of $173,000. Additionally, $38,000 was received on disposition of property and equipment, net of acquisitions.

The Company's financing activities generated cash of approximately $1,282,000 during the year ended April 30, 2003. This was comprised of $1,455,000 from proceeds of the sale of Series B and Series C Preferred Stock to investors in a private placement, $3,000 of cash received from PSVI on reverse acquisition, $100,000 received as a loan from an officer of the Company, offset by repayment of $200,000 bank line of credit, $55,000 in repayment of notes payable and principal on capital lease obligations and $21,000 due to a stockholder.

On June 25, 2003, (and amended July 24, 2003), the Company offered in a private placement memorandum, 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 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. On July 22, 2003, we received net proceeds of $898,000 from the Offering.

In June 2003, WPCS entered into a Letter of Intent to acquire Calyborn Contracting Group, Inc. Founded in 1988, Clayborn Contracting is a diversified project services firm that operates primarily on the west coast. As a diverse services engineering company, Clayborn Contracting has designed and installed smart highway systems and substations for state and local municipalities in California. In addition, Clayborn Contracting has performed structured cabling, underground and utility work. 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.

Our capital requirements depend on numerous factors, including market for our products and 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. At April 30, 2003, we had

cash of $167,000. To address our working capital needs and growth in our revenue and customer base, we anticipate obtaining a working capital line of credit for working capital needs. As discussed above, we are also raising $2.5 million in a private placement for a number of uses. 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, and the $500,000 earn-out to be paid related to the Walker acquisition. 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.

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. We acquired Invisinet and Walker primarily by issuing the Company's common stock. 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. The Company's 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, the Company views certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on the Company's consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

The Company believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on the Company's 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. 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.

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:

- o Significant decrease in the market value of an asset o Significant changes in the extent or manner for which the asset is being used or in its physical condition
- o A significant change, delay or departure in our business strategy related to the asset
- o Significant negative changes in the business climate, industry or economic conditions
- o 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 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 and the related SFAS No. 123. 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.

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. 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.

Forward Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. Those statements include statements regarding the intent, belief or current expectations of the Company and members of its management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this report and in the Company's other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. The Company believes that its assumptions are based upon reasonable data derived from and known about its business and operations and the business and operations of the Company. No assurances are made that actual results of operations or the results of the Company's future activities will not differ materially from its assumptions.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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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

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY

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

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</TABLE>

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS

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	Year Ended April 30, 2003	For the period November 15, 2001 (date of inception) to April 30, 2002
<S>	<C>	<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.

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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

	Year Ended April 30, 2003	For the period November 15, 2001 (date of inception) to April 30, 2002
OPERATING ACTIVITIES:		
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>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS - continued

<TABLE>
<CAPTION>

<S>	Year Ended April 30, 2003 <C>	For the period November 15, 2001 (date of inception) to April 30, 2002 <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. WPCS concentrates its business in fixed wireless solutions, whereas Invisinet offers wireless fidelity (WiFi) deployment to its customers.

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 its 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 the 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 both structured cabling and wireless solutions 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 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:
<TABLE>
<CAPTION>

Assets purchased	
<S>	<C>
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

</TABLE>

NOTE 3 - ACQUISITIONS (continued)
<TABLE>
<CAPTION>
Walker Comm (continued)

<S>	<C>
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

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.

Year ended April 30, 2003:

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)

NOTE 4 - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

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

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

NOTE 5 - PROPERTY AND EQUIPMENT

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

	Estimated useful life (years)	Amount
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

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 or 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

</TABLE>

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

<TABLE>
<CAPTION>

<S>	<C>
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)

</TABLE>

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:

<TABLE>
<CAPTION>

<S>	Shares <C>	Price per share <C>	Weighted-average price per share <C>
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.

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 palcement 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.

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 INFRASTRUCTURE	SPECIALTY COMMUNICATIONS

				Total
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.

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

WPCS dismissed its independent public accountant, Leonard Friedman, effective as of August 19, 2002. WPCS's 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, the Company, dismissed N.I. Cameron, Inc., Chartered Accountants ("N.I. Cameron"), as the Company's independent public accountants, effective as of that date. The Company's Board of Directors approved such decision.

N.I. Cameron's opinion in its reports on the Company's financial statements for the years ended April 30, 2001 and April 30, 2002 (prior to the Company's merger with WPCS Holdings, Inc.), each expressed substantial doubt with respect to the Company's 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 the financial statements of the Company 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, the Company and WPCS engaged J.H. Cohn LLP, as their independent public accountants. Neither the Company nor WPCS 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 the Company's 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).

ITEM 9 - DIRECTORS AND OFFICERS OF THE REGISTRANT

The following persons are our executive officers and directors as of the date hereof:

<TABLE>
<CAPTION>

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

</TABLE>

Andrew Hidalgo, Chairman and Chief Executive Officer

Mr. Hidalgo became Chairman of the Board and Chief Executive Officer of the Company in June 2002. He is responsible for the Company's 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 has been Executive Vice President since 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 Februaru 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.

Joseph 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.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth in summary form the compensation received by the Company's Chief Executive Officer for the fiscal years ended April 30, 2003 and 2002.

Name and Principal Position	Fiscal Year	Salary
Andrew Hidalgo Chairman and Chief Executive Officer	2003	$141,000
Stephen C. Jackson President, Secretary and Treasurer	2002	$36,000

No other compensation was received by the above named officers during the fiscal years ended April 30, 2003 and 2002, respectively.

EMPLOYMENT AGREEMENTS

Contract with Andrew Hidalgo

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.

Contract with E.J. von Schaumburg

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.

Contract with Donald Walker

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.

Contract with Gary Walker

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.

Contract with Joseph Heater

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

DIRECTOR 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.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about the shares of the Company's common Stock that may be issued upon the exercise of options under the 2002 Stock Option Plan which were approved by the Board of Directors.

<TABLE>
<CAPTION>

(a) Number of securities (c) Number of

Plan Category	securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	remaining available for future issuance under equity compensation plans excluding securities reflected in column (a))(1)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders			
Equity compensation plans not approved by security holders (1)	77,000	$ 1.46	4,923,000
Total	77,000	$	4,923,000

</TABLE>

(1) 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.

Code of Ethics

WPCS adopted a Code of Ethics for its officers, directors and employees. A copy of the Code of Ethics is attached hereto as an exhibit.

ITEM 11- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information, according to information supplied to the Company regarding the number and percentage of the Company's common stock beneficially owned by (i) each person who is beneficial owner of more than 5% of the common stock; (ii) by each director; (iii) by each executive officer named in the Summary Compensation Table; and (iv) by all directors and executive officers as a group. Unless otherwise indicated, the stockholders listed possess sole voting and investment power with respect to the shares listed.

<TABLE>
<CAPTION>

<S> Title of Class	<C> Name and Address of Beneficial Owner	<C> Amount and Nature of Beneficial Ownership (1)	<C> Percent of Class
Common stock	Andrew Hidalgo 608 Perimeter Drive Downingtown, PA 19335	5,380,000	41.1%
Common stock	Donald Walker 521 Railroad Avenue Fairfield, CA 94533	1,217,145	9.3%
Common stock	Gary Walker 521 Railroad Avenue Fairfield, CA 94533	930,759	7.1%
Common stock	J. Johnson LLC (2) 245 West Roosevelt Road West Chicago, IL 60185	850,000	6.5%

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Common Stock	William Whitehead 609 Portland Drive Downingtown, PA 19335	8,000	*
Common Stock	All directors and executive officers as a group (8 persons)	8,536,904	65.3%

</TABLE>

* Less than 1% of the outstanding common stock

(1) None of these security holders has right to acquire any amount of common stock of the Company within sixty (60) days from options, warrants, rights, or

similar obligations.

(2) J. Johnson LLC is a Delaware corporation controlled by Norm Dumbroff, a director of the Company. J. Johnson LLC owned 85% of Invisinet, Inc. (Invisinet). On November 13, 2002, the Company acquired all of the outstanding shares of Invisinet, and were exchanged for 1,000,000 shares of commons stock of the Company. In connection with this acquisition, J. Johnson LLC was issued 850,000 shares of the Company's common stock.

ITEM 12. 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.

Item 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K.

Exhibits:
<TABLE>
<CAPTION>

Number	Exhibit
<C>	<C>
3.1	Certificate of Incorporation, with amendments (1)
3.2	By-Laws (1)
4.1	Certificate of Designation - Series A Preferred Stock (1)
4.2	Certificate of Designation - Series B Preferred Stock (2)
4.3	Certificate of Designation - Series C Preferred Stock
4.4	2002 Employee Stock Option Plan
4.5	Form of 2003 Warrant
10.1	Andrew Hidalgo Employment Agreement
10.2	E.J. von Schaumburg Employment Agreement
10.3	Donald Walker Employment Agreement
10.4	Gary Walker Employment Agreement
10.5	Joseph Heater Employment Agreement
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 (3)
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 (4)
10.8	Amendment to Invisinet Bonus Agreement, dated as of May 27, 2003

Number	Exhibit
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 (5)
14	Code of Ethics
31	Certifications required by Rule 13a-15(e) and 15d-15(e)
32.	Section 1350 Certifications

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1. Incorporated by reference from the Company's registration statement on Form SB-2 (Commission File # 333-38802).
2. Incorporated by reference to the Company Annual Report on Form 10-KSB for the year ended April 30, 2002.
3. Incorporated by reference to the Company Current Report on Form 8-K, dated as

of May 24, 2002.

4. Incorporated by reference to the Company Current Report on Form 8-K, dated as of November 13, 2002.
5. Incorporated by reference to the Company Current Report on Form 8-K, dated as of December 30, 2002.

Reports on Form 8-K:

None.

ITEM 14. CONTROLS AND PROCEDURES

(a) Evaluation of disclosures. The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in the reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the rules of the SEC. As of April 30, 2003, an evaluation, was completed under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, of the design and operation of this disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the company (including the Company's consolidated subsidiaries) required to be included in the periodic SEC filings.

(b) Changes in internal controls. There were no changes in the Company's internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is likely reasonably to materially effect, the Company's internal control over financial reporting.

ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees. The aggregate fees billed by our auditors, for professional services rendered for the audit of the Company's annual financial statements for the year ended April 30, 2003 and for the period from November 15, 2001 (date of inception) to April 30, 2002, and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-QSB during that fiscal year were $28,860, and $2,254, respectively.

Audit Related Fees. The Company incurred fees to auditors of $21,918 for audit related fees during the fiscal year ended April 30, 2003.

All Other Fees. The aggregate fees billed by auditors for services rendered to the Company, other than the services covered in "Audit Fees" and for the fiscal year ended April 30, 2003 were $1,170, which fees primarily related to the Company's tax returns.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

WPCS INTERNATIONAL INCORPORATED

/s/ ANDREW HIDALGO

Andrew Hidalgo,
Chief Executive Officer
(principal executive officer)

/s/ JOSEPH HEATER

Joseph Heater,
Chief Financial Officer
(principal accounting officer)

Date: May 4, 2004

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities as on May 4, 2004.

/s/ ANDREW HIDALGO

Andrew Hidalgo,
Chairman of the Board

Norm Dumbroff,
Director

Neil Hebenton,
Director

/s/ GARY WALKER

Gary Walker,
Director

/s/ WILLIAM WHITEHEAD

William Whitehead,
Director

EXHIBIT 31.1
WPCS INTERNATIONAL INCORPORATED
OFFICER'S CERTIFICATE PURSUANT TO SECTION 302

I, Andrew Hidalgo, the Chief Executive Officer of WPCS International Incorporated, certify that:

1. I have reviewed this Form 10-KSB/A of WPCS International Incorporated;

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

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

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

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

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

   (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 4, 2004

/s/ Andrew Hidalgo
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Andrew Hidalgo
Chief Executive Officer

EXHIBIT 31.2

WPCS INTERNATIONAL INCORPORATED

OFFICER'S CERTIFICATE PURSUANT TO SECTION 302

I, Joseph Heater, the Chief Financial Officer of WPCS International Incorporated, certify that:

1. I have reviewed this Form 10-KSB/A of WPCS International Incorporated;

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

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

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

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

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

   (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 4, 2004

/s/ Joseph Heater

Joseph Heater

Chief Financial Officer

EXHIBIT 32.1

WPCS INTERNATIONAL INCORPORATED

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

In connection with the amended Annual Report of WPCS International Incorporated (the Company) on Form 10-KSB/A for the period ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Andrew Hidalgo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to WPCS International Incorporated and will be retained by WPCS International Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 4, 2004

/s/Andrew Hidalgo

Andrew Hidalgo

Chief Executive Officer

EXHIBIT 32.2

WPCS INTERNATIONAL INCORPORATED

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

In connection with the amended Annual Report of WPCS International Incorporated (the Company) on Form 10-KSB/A for the period ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Joseph Heater, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to WPCS International Incorporated and will be retained by WPCS International Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 4, 2004

/s/ Joseph Heater

Joseph Heater

Chief Financial Officer