ENTERGY CORP /DE/
Form 8-K
March 04, 2016

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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2016

Commission File Number	Registrant, State of Incorporation, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.	Commission File Number	Registrant, State of Incorporation, Address of Principal Executive Offices, Telephone Number, and IRS Employer Identification No.
1-11299	ENTERGY CORPORATION (a Delaware corporation) 639 Loyola Avenue New Orleans, LA 70113 Telephone (504) 576-4000 72-1229752	1-32718	ENTERGY LOUISIANA, LLC (a Texas limited liability company) 4809 Jefferson Highway Jefferson, Louisiana 70121 Telephone (504) 576-4000 47-4469646
1-10764	ENTERGY ARKANSAS, INC. (an Arkansas corporation) 425 West Capitol Avenue Little Rock, Arkansas 72201 Telephone (501) 377-4000 71-0005900	1-35747	ENTERGY NEW ORLEANS, INC. (a Louisiana corporation) 1600 Perdido Street New Orleans, Louisiana 70112 Telephone (504) 670-3700 72-0273040

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

For Entergy New Orleans, Inc. (“Entergy New Orleans”), the information included in Item 8.01 is incorporated herein by reference.

Item 8.01. Other Events.

As previously disclosed, in December 2014, Entergy Arkansas, Inc. (“Entergy Arkansas”), Entergy Gulf States Louisiana, L.L.C. (“Entergy Gulf States Louisiana”) and Entergy Texas, Inc. (“Entergy Texas”) entered into an asset purchase agreement (the “Asset Purchase Agreement”) to acquire the Union Power Station from Union Power Partners, L.P. (the “Union Power Station Acquisition”). The Union Power Station is a 1,980 MW (summer rating) power generation facility located near El Dorado, Arkansas that consists of four natural gas-fired, combined -cycle turbine power blocks, each rated at 495 MW (summer rating). Pursuant to the Asset Purchase Agreement, Entergy Arkansas was obligated to purchase one power block and a 25% undivided ownership interest in certain assets related to the facility. Entergy New Orleans, Inc. (“Entergy New Orleans”) succeeded to the obligation of Entergy Texas to acquire one power block and a 25% undivided ownership interest in certain assets related to the facility. As a result of the business combination of Entergy Gulf States Louisiana and Entergy Louisiana, LLC (“Entergy Louisiana”) in October 2015, Entergy Louisiana succeeded to Entergy Gulf States Louisiana’s obligation to purchase two power blocks and a 50% undivided ownership interest in certain assets relating to the facility.

The Union Power Station Acquisition closed on March 3, 2016. The aggregate purchase price for the Union Power Station was approximately $948 million (approximately $237 million for each power block and associated assets) subject to further adjustment.

Entergy Arkansas paid its purchase price of approximately $237 million using $32 million of the proceeds of the long-term debt issued in early January 2016 in a registered public offering with the remainder from other available funds. Entergy Louisiana paid its purchase price of approximately $474 million through the use of existing cash from operations and initial borrowings from the Entergy System Money Pool and its revolving credit facility. Entergy New Orleans paid its purchase price of approximately $237 million through the use of existing cash from operations and initial borrowings from the Entergy System Money Pool and its revolving credit facility with the remainder from other available funds. Such other available funds for Entergy Arkansas and Entergy New Orleans were principally an equity contribution from Entergy Corporation. Entergy Louisiana and Entergy New Orleans expect to issue long-term debt, in part, to refinance those borrowings in the first half of the year.

SIGNATURES

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

Entergy Corporation
Entergy Arkansas, Inc.
Entergy Louisiana, LLC
Entergy New Orleans, Inc.

By: /s/ Marcus V. Brown
Marcus V. Brown
Executive Vice President and
General Counsel

Dated: March 3, 2016

Period - - - - - - (8,203,202) (8,203,201) Balance - June 30, 2005 16,545,505 $16,546 $15,508,432 $- $116,357 $- $(17,837,747) $(2,196,412) See Accountants Review Report 4 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Board of Directors Network Installation Corporation Irvine, California We have reviewed the accompanying consolidated balance sheet of Network Installation Corporation as of June 30, 2005, and the related consolidated statement of operations for the three-month and six-month period ended June 30, 2005, stockholder's equity, and cash flows for the six-months ended June 30, 2005. These financial statements are the responsibility of the Company's management. We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). The review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion. Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operation. Management's plans in regard to these matters are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The financial statements for the year ended December 31, 2004 were audited by other accountants, whose report dated May 6, 2005, expressed an unqualified opinion on those statements. They have not performed any auditing procedures since that date. In our opinion, the information set forth in the accompanying balance sheet as of June 30, 2005 is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived. Jaspers + Hall, PC Denver, CO July 26, 2005 1. DESCRIPTION OF BUSINESS AND SEGMENTS 5 OVERVIEW We are a one-source solution company focusing on the design, installation, and deployment of specialty communication systems for data, voice, video and telecom. We first determine our clients' requirements by doing a needs analysis and site audit. We then implement our specific design of the communication system, which may include either Wired or Wireless Fidelity, also referred to as Wi-Fi. We seek to exploit the growing demand for high-speed connectivity by leveraging our extensive installation expertise into providing complete superior network solutions across a vast majority of communication requirements. We have distinguished ourselves from our peers by consolidating three traditionally fragmented industries. Our technicians design the applications required for network build-outs, structured cabling, deployment, security, training, and technical support and we use the best available Wi-Fi, Voice over Internet Protocol, or VoIP, and traditional telecom products. We earn revenue for services rendered which include; (i) the installation of data, voice, video and telecom networks; (ii) the resale of installed networking products, and (iii) consulting services in the assessment of existing networks. We seek to exploit the growing demand in high-speed connectivity by providing complete network solutions including best of breed wireless products, engineering services for which our technicians design the applications required for the network build out, structured cabling and deployment. We offer the ability to integrate superior solutions across the vast majority of communication requirements. The accompanying unaudited condensed interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of interim financial information, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The audited financial statements for the period ended December 31, 2004 were filed on May 6, 2005 with the Securities and Exchange Commission and are hereby referenced. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES PRINCIPLES OF CONSOLIDATION ---------------------------- The accompanying financial statements include the accounts of Network Installation Corp. ("NIC"), formerly Flexxtech Corporation (legal acquirer, the "Parent"), and its 100% owned subsidiaries, Network Installation Corporation, COM Services, Inc. ("COM"), and Del Mar Systems International, Inc. ("DMSI"). All significant inter-company accounts and transactions have been eliminated in consolidation. The results include the accounts of NIC, COM, and Flexxtech for the three months ended June 30, 2005. The historical results for the three months ended March 31, 2004 include NIC and DMSI only. REVENUE RECOGNITION ------------------- In the second quarter of 2004, the Company continued to utilize a different revenue recognition method, the completed contracts approach. This approach was changed with the 10KSB/A reporting submitted for the year ended December 31, 2004 to the percentage-of-completion method, which the Company believes better represents business activity. However, when comparing second quarter numbers for 2005 to those for 2004, the comparison involves numbers calculated using differing methods. The Company's revenue recognition policies are in compliance with all applicable accounting regulations, including American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 81-1, Accounting for Performance of Construction-Type and Certain Production-Type Contracts. Revenues from installations, cabling and networking contacts are recognized using the percentage-of-completion method of accounting. Accordingly, income is recognized in the ratio that costs incurred bears to estimated total costs. Adjustments to cost estimates are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. The aggregate of costs incurred and income recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and income recognized is shown as a current liability. The Company's revenue recognition policy for sale of network products is in compliance with Staff accounting bulletin (SAB) 104. Revenue from the sale of network products is recognized when a formal arrangement exists, the price is fixed or determinable, the delivery is completed and collectibility is reasonably assured. Generally, the Company extends credit to its customers and does not require collateral. The Company performs ongoing credit evaluations of its customers and historic credit losses have been within management's expectations. 6 We estimate the likelihood of customer payment based principally on a customer's credit history and our general credit experience. To the extent our estimates differ materially from actual results, the timing and amount of revenues recognized or bad debt expense recorded may be materially misstated during a reporting period. CASH & CASH EQUIVALENTS: --------------------------- The Company considers all highly liquid debt instruments, purchased with an original maturity at date of purchase of three months or less, to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates market value PROPERTY & EQUIPMENT: ---------------------- Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, e.g. computers (5 years), software (3 years), office furniture and equipment (3-7 years), tenant improvements (life of the lease-approximately 60 months. ACCOUNTS RECEIVABLE: -------------------- The Company maintains an allowance for doubtful accounts for estimated losses that may arise if any of its consumers are unable to make required payments. Management specifically analyzes the age of customer balances, historical bad debt experience, customer credit-worthiness and changes in customer payment terms when making estimates of the uncollectabilty of the Company's trade accounts receivable balances. If the Company determines that the financial conditions of any of its customers have deteriorated, whether due to customer specific or general economic issues, increase in the allowance may be made. Accounts receivable are written off when all collection attempts have failed. INVENTORY ------------------ Inventory consists of a networking materials and equipment in the process of being installed at years end. Work in progress is stated at the lower of cost, determined by the first-in, first-out ("FIFO") method, or market. The Company has reviewed its inventory for obsolescence on a quarterly basis since operations began and has not written-off any inventory for obsolescence. FAIR VALUE OF FINANCIAL INSTRUMENTS: -------------------------------------- Accounts payable and accrued liabilities are carried at cost, which approximates their face value, due to the relatively short maturity of these instruments. As of June 30, 2005 and 2004, the Company's notes payable have stated borrowing rates that are consistent with those currently available to the Company and, accordingly, the Company believes the carrying value of these debt instruments approximates their fair value. ACCOUNTING FOR IMPAIRMENTS IN LONG-LIVED ASSETS -- Long-lived assets and identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. Management periodically evaluates the carrying value and the economic useful life of its long-lived assets based on the Company's operating performance and the expected future undiscounted cash flows and will adjust the carrying amount of assets which may not be recoverable. USE OF ESTIMATES: ------------------ The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made in preparing these financial statements include the allowance for doubtful accounts, deferred tax asset valuation allowance and useful lives for depreciable and amortizable assets. Actual results could differ from those estimates. 7 STOCK-BASED COMPENSATION ------------------------ In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation" amended by SFAS No 148, "Accounting for Stock Based Compensation Transition and Disclosure". SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires compensation expense to be recorded (i) using the new fair value method or (ii) using the existing accounting rules prescribed by Accounting Principles Board Opinion No. 25, "Accounting for stock issued to employees" (APB 25) and related interpretations with pro-forma disclosure of what net income and earnings per share would have been had the Company adopted the new fair value method. The Company uses the intrinsic value method prescribed by APB 25 and has opted for the disclosure provisions of SFAS No.123. No options were issued during the three months ended June 30, 2005 and 2004. BASIC AND DILUTED NET LOSS PER SHARE -- Net loss per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share". Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible debentures and warrants were converted or exercised. SEGMENT REPORTING Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosure About Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company. SFAS 131 has no effect on the Company's consolidated financial statements for the period ended June 30, 2005 and 2004, as substantially all of the Company's operations are conducted in one industry segment. 3. GOING CONCERN The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. However, the Company has accumulated deficit of $17,837,747, and is generating losses from operations. The continuing losses have adversely affected the liquidity of the Company. The Company faces continuing significant business risks, including but, not limited, to its ability to maintain vendor and supplier relationships by making timely payments when due. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern in the near term. Management devoted considerable effort toward obtaining additional equity financing through various private placements, raised funds through convertible debentures, and has endeavored to improve operational performance using marketing methods, cost cutting and the like. 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES Accounts payable and accrued expenses is comprised of the following: June 30, 2005 ------------- Accounts payable. . $ 1,123,000 Payroll tax payable 405,418 Litigation accrual. 95,000 ---------- $1,623,418 ========== Payroll tax liabilities of $53,927 and $351,491, $405,418 in total, are payable for 2005 and 2004, respectively. As of the date of these financial statements, the Company is negotiating with the Internal Revenue Service to determine an installment payment plan. The Company intends to commence installment payments in 2005. 5. BANK LINE OF CREDIT AND NOTES PAYABLE The Company assumed a $100,000 revolving line of credit with a balance of $100,538 in connection with the COM acquisition. This note bears interest at a variable rate, 8.75% as of June 30, 2005, and is due on demand. The balance outstanding as of June 30, 2005 was $101,001. 8 The Company contracted a $500,000 note payable in March 2004 in connection with the DMSI acquisition. This note bears interest at 5% and is payable in monthly installments of $42,804, maturing in April 2005. The balance outstanding as of June 30, 2005 was $85,075. The company is pursuing litigation to recover monies paid on this note payable, and has suspended additional payments since January of 2005. As of the date of this filing, the outcome of the pending litigation is undeterminable. The Company assumed a $7,850 note payable secured by an automobile with a balance of $7,450 in connection with the COM acquisition. The loan bears interest of 7.99%. The balance outstanding as of June 30, 2005 was $5,828. The Company contracted a $126,000 note payable in January 2005 in connection with the COM acquisition. This note bears interest at 6% and is payable in monthly installments of $5,250, maturing in January 2007. The balance outstanding as of June 30, 2005 was $126,000. The Company contracted a $54,000 note payable in January 2005 in connection with the COM acquisition. This note bears interest at 6% and is payable in monthly installments of $2,250, maturing in January 2007. The balance outstanding as of June 30, 2005 was $54,000. 6. RELATED PARTY TRANSACTIONS RELATED PARTY NOTES PAYABLE - CURRENT -- The Company has an unsecured, non-interest bearing note, due on demand, to a former officer. The balance outstanding as of June 30, 2005, was $52,970. During the period ended June 30, 2005, the Company issued $810,000 in debentures to a major shareholder of the Company. These debentures carry an interest rate of 8% per annum, and are due in April, May, and June of 2010. These debentures were issued with a discounted price from the face value of $125,000. The Holder is entitled to convert the face amount of the Debentures, plus accrued interest, anytime following the Closing Date, at the lesser of (i) 75% of the lowest closing bid price during the fifteen (15) trading days prior to the Conversion Date or (ii) 100% of the closing bid prices for the twenty (20) trading days immediately preceding the Closing Date ("Fixed Conversion Price"), each being referred to as the "Conversion Price". No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded up or down, as the case may be, to the nearest whole share. In accordance with EITF 00-27 98-5, the beneficial conversion feature on the issuance of the convertible debenture for the quarter ended June 30, 2005 has been recorded in the amount of $222,500. 7. INCOME TAXES No provision was made for Federal income tax since the Company has significant net operating loss. Through December 31, 2004, the Company incurred net operating losses for tax purposes of approximately $17,837,747. The net operating loss carry forwards may be used to reduce taxable income through the year 2023. The availability of the Company's net operating loss carry-forwards are subject to limitation if there is a 50% or more positive change in the ownership of the Company's stock. A valuation allowance for 100% of the deferred taxes asset has been recorded due to the uncertainty of its realization. 8. COMMITMENTS & CONTINGENCIES Litigation: ----------- On April 25, 2003 the Superior Court of the State of California, County of Orange, entered a judgment in the amount of $46,120 against the Company and its former management in favor of a vendor of the Company's former subsidiary, North Texas Circuit Board, or NTCB. On August 20, 2002 the Company sold NTCB to BC Electronics, Inc. Pursuant to terms of the share purchase agreement, BC Electronics assumed all liabilities of NTCB. In December 2003 the Company filed a motion to vacate the judgment for lack of personal services. In February 2004, the Court ruled in favor of the Company and the judgment was vacated. Although the Company was the guarantor on the loan, NTCB is the principal debtor (i) the Company will bring action against NTCB to seek relief or (ii) because partial payment was made by NTCB, it could affect the legal status of the guarantee, which the Company believes may absolve it of liability. In February 2004, the plaintiff re-filed the complaint. Although the Company intends to continue to oppose the action in court, the Company and its current management have begun settlement discussions with the plaintiff. On April 29, 2003 a suit was brought against the Company by an investor, alleging breach of contract pursuant to a settlement agreement executed between the Company and investor dated November 20, 2002. The suit alleges that the Company is delinquent in its repayment of a $20,000 promissory note, of which $5,000 has been repaid to date. Although, management of the Company intends to oppose the claims, the Company's current management plans to begin settlement discussions with the plaintiff. 9 The Company may be involved in litigation, negotiation and settlement matters that may occur in the day-to-day operations of the Company and its subsidiaries. Management does not believe implication of this litigation will have any material impact on the Company's financial statements. 9. STOCKHOLDERS' EQUITY EQUITY ------ During the four months ended June 30, 2005, the Company issued and agreed to issue common stock as follows: During the four months ended June 30, 2005, the Company issued 1,460,692 shares of common stock to accredited investors for a total of $943,450. During the three months ended June 30, 2005, the Company issued 55,000 shares of common stock valued at $80,025 for investor relations services to be consummated in April of 2005. During the three months ended June 30, 2005, the founder and former CEO agreed to rescind 6,073,000 shares of common stock back to the Company. These shares of common stock had been acquired by the founder and former CEO in connection with the organization of the Company. As such, the shares were originally recorded with a $0 value and have been rescinded with a $0 value. CONVERTIBLE DEBENTURES - RELATED PARTIES -- During the period ended June 30, 2005, the Company issued $810,000 in debentures to a major shareholder of the Company. These debentures carry an interest rate of 8% per annum, and are due in April, May, and June 2010. These debentures carried a discounted price from the face value of $125,000. The Holder is entitled to convert the face amount of this Debenture, plus accrued interest, anytime following the Closing Date, at the lesser of (i) 75% of the lowest closing bid price during the fifteen (15) trading days prior to the Conversion Date or (ii) 100% of the closing bid prices for the twenty (20) trading days immediately preceding the Closing Date ("Fixed Conversion Price"), each being referred to as the "Conversion Price". No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded up or down, as the case may be, to the nearest whole share. In accordance with EITF 00-27 98-5, the beneficial conversion feature on the issuance of the convertible debenture for the quarter ended June 30, 2005 has been recorded in the amount of $222,500. 10. BASIC AND DILUTED NET LOSS PER SHARE Basic and diluted net loss per share for the three-month period ended March 31, 2005 were determined by dividing net loss for the periods by the weighted average number of basic and diluted shares of common stock outstanding. Weighted average number of shares used to compute basic and diluted loss per share is the same since the effect of dilutive securities is anti-dilutive. 11. SUPPLEMENTAL DISCLOSURES OF CASH FLOWS The Company paid income taxes of $0 during the three months ended June 30, 2005 and 2004, respectively. 12. WARRANTS In Note 9's discussion of Convertible Debentures for financing, the following Warrants have been issued. On April 22, 2005, we issued a warrant to purchase 150,000 shares of our common stock to Dutchess Private Equities Fund, II, LP at $1.20. On May 27, 2005 we issued a warrant to purchase 300,000 shares of common stock to Dutchess Private Equities Fund, II, LP at $1.10. On May 12, 2005, we issued a warrant to purchase 300,000 shares of common stock to Dutchess Private Equities Fund, II, LP for $1.03. 13. FINANCIAL ACCOUNTING DEVELOPMENTS Recently issued Accounting Pronouncements In February 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This statement establishes new standards of how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS 150 requires that an issuer classify a financial instrument that is within the scope of this statement as a liability because the financial instrument embodies an obligation of the issuer. This statement applies to certain forms of mandatorily redeemable financial instruments including certain types of preferred stock, written put options and forward contracts. SFAS 150 did not materially effect the financial statements. 10 In December 2003, the FASB issued FASB Interpretation No. 146, (revised December 2003) "Consolidation of Variable Interest Entities" (FIN 146) which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN No. 146R replaces FASB Interpretation No. 146, "Consolidation of Variable Interest Entities", which was issued in January 2003. Companies are required to apply FIN No. 146R to variable interests in variable interest entities ("VIEs") created after December 31, 2003. For variable interest in VIEs created before January 1, 2004, the Interpretation is applied beginning January 1, 2005. For any VIEs that must be consolidated under FIN No. 146R that were created before January 1, 2004,the assets, liabilities and non-controlling interests of the VIE initially are measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN No. 146R first applies may be used to measure the assets, liabilities and non-controlling interest of the VIE. The Company doe not have any interest in any VIE. In March 2003, the FAS issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 is effective for contracts entered into or modified after June 30, 2003. This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 149did not materially effect the financial statements. In December 2004, the FASB issued SFAS No. 123(R)(revised 2004), "Share Based Payment" which amends FASB Statement No. 123 and will be effective for public companies for interim or annual periods after January 15, 2005. The new standard will require entities to expense employee stock options and other share-based payments. The new standard may be adopted in one of three ways - the modified prospective transition method, a variation of the modified prospective transition method or the modified retrospective transition method. The Company is to evaluate how it will adopt the standard and evaluate the effect that the adoption of SFAS 123(R) will have on our financial position and results of operations. In November 2004, the FASB issued SFAS NO. 151, "Inventory Costs, an amendment of ARB No 43, Chapter 4". This statement amends the guidance in ARB No. 43, Chapter 4 Inventory Pricing, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling cost, and wasted material (spoilage). Paragraph 5 of ARB No. 43, Chapter 4, previously stated that, "under some circumstances, items such as idle facility expense, excessive spoilage, double freight and rehandling costs may be so abnormal as to require treatment as current period charges." SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal". In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the prospectively and are effective for inventory costs incurred during fiscal years beginning after June 5, 2005, with earlier application permitted for inventory costs incurred during fiscal years beginning after the date this Statement was issued. The adoption of SFAS No. 151 is not expected to have a material impact on the Company's financial position and results of operations. In December 2004, the FASB issued SFAS No. 153, Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29. The guidance in APB Opinion 29, Accounting for Non-monetary Transactions, is based on the principle that exchange of non-monetary assets should be measured based on the fair value of assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for non-monetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company's financial position and results of operations. ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION. The discussion and financial statements contained herein are for the three months ended June 30, 2005 and June 30, 2004. The following discussion should be read in conjunction with our financial statements and notes included herewith. 11 CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS This Report on Form 10-QSB contains forward-looking statements, including, without limitation, statements concerning our possible or assumed future results of operations. These statements are preceded by, followed by or include the words "believes," "could," "expects," "intends," "anticipates," or similar expressions. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons including: our ability to continue as a going concern, adverse economic changes affecting markets we serve; competition in our markets and industry segments; our timing and the profitability of entering new markets; greater than expected costs, customer acceptance of wireless networks or difficulties related to our integration of the businesses we may acquire and other risks and uncertainties as may be detailed from time to time in our public announcements and SEC filings. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made, and our future results, levels of activity, performance or achievements may not meet these expectations. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law. THREE MONTHS PERIOD ENDED JUNE 30, 2005 AS COMPARED TO THREE MONTHS ENDED JUNE 30, 2004 CHANGE IN REVENUE RECOGNITION POLICY We changed our revenue recognition policy with the 10KSB/A report submitted for the year ending December 31, 2004 to the percentage-of-completion method, which we believe better represents our business activity. However, when comparing second quarter numbers for 2005 to those for 2004, the comparison involves numbers calculated using differing methods of revenue recognition. Generally, revenue will be recognized earlier using the percentage-of-completion method. RESULTS OF OPERATIONS NET REVENUE ----------- We generated consolidated net revenues of $1,138,383 for the three months ended June 30, 2005, as compared to $729,405 for the three month period ended June 30, 2004. The increase in revenues for this quarter when compared to the same quarter last year is due to the increase in marketing expenditures, increase in our sales force, and the acquisition of COM Services which contributed to our revenue for the quarter. COST OF REVENUE ---------------- We incurred Cost of Revenue of $902,620 for the three months ended June 30, 2005, as compared to $347,091 for the three month period ended June 30, 2004. Our Cost of Revenue increase is due to an increase in the expansion of business from the prior quarter which were expensed in the period ended June 30, 2005. GROSS PROFIT ------------ We generated gross profit of $235,763 for the three month period ended June 30, 2005, as compared to $382,314 for the three month period ended June 30, 2004. The increase in gross profit is due to a larger volume of projects completed. COSTS AND EXPENSES -------------- We incurred costs of $880,875 for the three month period ended June 30, 2005 as compared to $818,459 for the three month period ended June 30, 2004, respectively. NET INCOME (LOSS) ------------------ We had a loss before taxes of ($975,459) for the three month period ended June 30, 2005 as compared to a loss of ($563,953) for the three month period ended June 30, 2004. BASIC AND DILUTED INCOME (LOSS) PER SHARE --- Our basic and diluted income (loss) per share for the three month period ended June 30, 2005 was ($0.05) as compared to ($0.05) for the period ended June 30, 2004. The increase in our loss per share is due to the increase in our net loss to the factors described above. LIQUIDITY AND CAPITAL RESOURCES -------------------------------- As of June 30, 2005, our Current Assets were $1,518,990 and Current Liabilities were $2,044,362. Cash and cash equivalents were $408,900. Our Stockholder's Deficit at June 30, 2005 was ($2,196,412). We had a net usage of cash due to operating activities for the three month period ended June 30, 2005 of ($1,031,626) compared to a ($1,306,293), for the three-month period ended June 30, 2004. The increase is due to an increase in warrants issued for debt inducements and stock paid for acquisitions. We had net cash provided by financing activities of for the three month period ended June 30, 2005 and 2004 of $1,438,794 and $2,586,493, respectively. The increase is due to an increase in proceeds from Notes Payable and Long Term Borrowings. We had $483,108 from borrowings in the period ended June 30, 2005 as compared to $661,989 in the corresponding 2004 quarter. 12 FINANCING ACTIVITIES -------------------- On April 22, 2005, we issued convertible debentures of $150,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at the holder's option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on April 22, 2005, we issued a warrant to purchase 150,000 shares of our common stock to Dutchess at $1.30. On May 12, 2005, we issued convertible debentures of $180,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 12, 2005, we issued a warrant to purchase 180,000 shares of our common stock to Dutchess at $1.20. On May 26, 2005, we issued convertible debentures of $30,000 to Preston Capital Partners, LLC. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. On May 27, 2005, we issued convertible debentures of $180,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 27, 2005, we issued a warrant to purchase 180,000 shares of our common stock to Dutchess at $1.10. On June 6, 2005, we issued convertible debentures of $300,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 12, 2005, we issued a warrant to purchase 300,000 shares of our common stock to Dutchess at $1.03. On June 20, 2005, we issued convertible debentures of $50,000 to Preston Capital Partners, LLC. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. SUBSIDIARIES As of June 30, 2005, we had three wholly-owned subsidiaries, Network Installation Corp., Del Mar Systems International, Inc., and COM Services, Inc. 13 ITEM 3. CONTROLS AND PROCEDURES. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-QSB. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to our management. Our disclosure controls and procedures include components of our internal control over financial reporting. Management's assessment of the effectiveness of our internal control over financial reporting is expressed at the level of reasonable assurance that the control system, no matter how well designed and operated, can provide only reasonable, but not absolute, assurance that the control system's objectives will be met. There was no change in our internal control over financial reporting that occurred during the second quarter of the year covered by this report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. PART II - OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS. On April 25, 2003, the Superior Court of the State of California, County of Orange, entered a judgment in the amount of $46,120 against us and our former management in favor of Insulectro Corp., a vendor of our former subsidiary, North Texas Circuit Board. We believe that we were never issued proper service of process for the complaint. In addition, on August 20, 2002, we sold North Texas Circuit Board to BC Electronics Inc. Pursuant to terms of the share purchase agreement, BC Electronics assumes all liabilities of North Texas Circuit Board. In December 2003, we filed a motion to vacate the judgment for lack of personal service. In February 2004, the Court ruled in our favor and the judgment was vacated. In February 2004, the plaintiff re-filed the complaint. In March 2005, the complaint was settled for the sum of $25,000. Commencing in March 2005, we agreed to make five equal monthly installments of $5,000 to Insulectro. Pursuant to the settlement terms, since March 2005 we have made two installment payments of $5,000 each. On January 24, 2005, we filed an action in the Superior Court of California, County of Orange against Steve and Dorota Pearson for damages and injunctive relief based on alleged fraud and breach of contract relating to our purchase of Del Mar Systems International, Inc. from Steve and Dorota Pearson. The complaint was amended on March 14, 2005 to seek rescission of our purchase of Del Mar Systems from Steve and Dorota Pearson. The defendants have not yet filed responsive pleadings in the case. The Defendant has recently filed a cross-complaint in the above action seeking recovery under various employment and contract theories for unpaid compensation, expenses and benefits totaling approximately $90,000. Defendant also seeks payment of an outstanding balance of a note related to the purchase by the Company of Del Mar Systems totaling approximately $85,000. Further, Defendant is seeking injunctive relief for enforcement of the stock purchase agreement of Del Mar Systems. Management is vigorously opposing these claims and does not feel the claims have substantial merit. We may be involved in litigation, negotiation and settlement matters that may occur in our day-to-day operations. Management does not believe the implication of these litigations will, including those discussed above, have a material impact on our financial statements. ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS. (c) Recent Sales of Unregistered Securities On April 22, 2005, we issued convertible debentures of $150,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at the holder's option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on April 22, 2005, we issued a warrant to purchase 150,000 shares of our common stock to Dutchess at $1.30. 14 On May 12, 2005, we issued convertible debentures of $180,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 12, 2005, we issued a warrant to purchase 180,000 shares of our common stock to Dutchess at $1.20. On May 26, 2005, we issued convertible debentures of $30,000 to Preston Capital Partners, LLC. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. On May 27, 2005, we issued convertible debentures of $180,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 27, 2005, we issued a warrant to purchase 180,000 shares of our common stock to Dutchess at $1.10. On June 6, 2005, we issued convertible debentures of $300,000 to Dutchess Private Equities Fund, II, LP. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. In connection with the above financing, on May 12, 2005, we issued a warrant to purchase 300,000 shares of our common stock to Dutchess at $1.03. On June 20, 2005, we issued convertible debentures of $50,000 to Preston Capital Partners, LLC. The holders of the debentures are entitled to convert the face amount of these debentures, plus accrued interest at the lesser of (i) 75% of the lowest closing bid price during the 15 trading days prior to the conversion date or (ii) 100% of the average of the closing bid prices for the 20 trading days immediately preceding the closing date. The convertible debentures shall pay 8% cumulative interest, in cash or in shares of common stock, at our option, at the time of each conversion. The debentures are payable in 2010. The convertible debentures are convertible into shares of our common stock. The securities issued in the foregoing transactions were offered and sold in reliance upon exemptions from the Securities Act of 1933 ("Securities Act") registration requirements set forth in Sections 3(b) and 4(2) of the Securities Act, and any regulations promulgated thereunder, relating to sales by an issuer not involving any public offering. No underwriters were involved in the foregoing sales of securities. ITEM 3. DEFAULTS UPON SENIOR SECURITIES. NOT APPLICABLE. ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. NOT APPLICABLE. ITEM 5. OTHER INFORMATION. NOT APPLICABLE. ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K. 15 (a) Exhibits NUMBER DESCRIPTION ----------- ------------------ 3.1 Articles of Incorporation, dated March 24, 1998 (included as exhibit 3.1 to the Form 10-SB filed March 5, 1999, and incorporated herein by reference). 3.2 By-laws, dated March 24, 1998 (included as exhibit 3.2 to the Form 10-SB filed March 5, 1999, and incorporated herein by reference). 3.3 Amendment to By-laws, dated May 6, 1999 (included as exhibit 3.2.2 to the Form 10-SB filed May 14, 1999, and incorporated herein by reference). 3.4 Certificate of Amendment of Articles of Incorporation (included as exhibit 3.2 to the Form 8-K filed November 29, 2000, and incorporated herein by reference). 3.5 Certificate of Amendment of Articles of Incorporation (included as exhibit 3.3 to the Form 8-K filed November 29, 2000, and incorporated herein by reference). 3.6 Certificate of Amendment to Articles of Incorporation, dated January 10, 2003 (included as exhibit 3.3 to the Form 10-KSB filed April 15, 2003, and incorporated herein by reference). 3.7 Certificate of Amendment to the Certificate of Incorporation, dated June 26, 2003 (included as exhibit 4.1 to the Form 10-QSB filed November 13, 2003, and incorporated herein by reference). 4.1 Warrant #101 issued to C.C.R.I. Corp., dated September 29, 2003 (included as exhibit 4.1 to the Form SB-2 filed October 16, 2003, and incorporated herein by reference). 4.2 Warrant #102 issued to C.C.R.I. Corp., dated September 29, 2003 (included as exhibit 4.2 to the Form SB-2 filed October 16, 2003, and incorporated herein by reference). 4.3 Convertible Debenture Exchange Agreement between the Company and Dutchess Private Equities Fund LP, dated February 27, 2004 (included as exhibit 4.1 to the Form 10-QSB filed May 24, 2004, and incorporated herein by reference). 4.4 Form of Debenture between the Company and Dutchess Private Equities Fund LP, dated March 1, 2004 (included as exhibit 4.2 to the Form 10-QSB filed May 24, 2004, and incorporated herein by reference). 4.5 Form of Debenture between the Company and Dutchess Private Equities Fund, II, L.P., dated March 31, 2004 (included as exhibit 4.3 to the Form 10-QSB filed May 24, 2004, and incorporated herein by reference). 4.6 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, dated March 31, 2004 (included as exhibit 4.8 to the Form 10-QSB filed August 23, 2004, and incorporated herein by reference). 4.7 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, dated April 8, 2004 (included as exhibit 4.9 to the Form 10-QSB filed August 23, 2004, and incorporated herein by reference). 4.8 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, dated April 13, 2004 (included as exhibit 4.10 to the Form 10-QSB filed August 23, 2004, and incorporated herein by reference). 4.9 Form of Warrant, dated May 18, 2004 (included as exhibit 4.6 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 4.10 Form of Warrant, dated May 26, 2004 (included as exhibit 4.7 to the Form SB-2 filed July 27, 2004, and incorporated herein by Reference). 4.11 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, dated September 25, 2004 (included as exhibit 4.11 to the Form 10-QSB filed November 22, 2004, and incorporated herein by reference). 4.12 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, dated October 21, 2004 (included as exhibit 4.12 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.13 Form of Warrant, dated October 21, 2004 (included as exhibit 4.13 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.14 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, II, L.P., dated November 2, 2004 (included as exhibit 4.14 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.15 Form of Warrant, dated November 2, 2004 (included as exhibit 4.15 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.16 Convertible

Debenture Agreement between the Company and Dutchess Private Equities Fund, II, L.P., dated November 9, 2004 (included as exhibit 4.16 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.17 Form of Warrant, dated November 9, 2004 (included as exhibit 4.17 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.18 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, L.P., dated December 1, 2004 (included as exhibit 4.18 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.19 Form of Warrant, dated December 1, 2004 (included as exhibit 4.19 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.20 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, L.P., dated December 9, 2004 (included as exhibit 4.20 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.21 Form of Warrant, dated December 9, 2004 (included as exhibit 4.21 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.22 Convertible Debenture Agreement between the Company and Dutchess Private Equities Fund, L.P., dated December 22, 2004 (included as exhibit 4.22 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.23 Form of Warrant, dated December 22, 2004 (included as exhibit 4.23 to the Form 10-KSB filed May 6, 2005, and incorporated herein by reference). 4.24 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated January 6, 2005 (included as exhibit 4.24 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.25 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated January 6, 2005 (included as exhibit 4.25 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.26 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated January 21, 2005 (included as exhibit 4.26 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.27 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated January 21, 2005 (included as exhibit 4.27 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.28 Form of Debenture between the Company and Preston Capital Partners, LLC, dated February 3, 2005 (included as exhibit 4.28 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.29 Form of Debenture between the Company and Preston Capital Partners, LLC, dated February 10, 2005 (included as exhibit 4.29 to the Form 10-QSB filed May 24, 2005, and incorporated herein by reference). 4.30 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated April 22, 2005 (filed herewith). 4.31 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated April 22, 2005 (filed herewith). 4.32 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated May 12, 2005 (filed herewith). 4.33 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated May 12, 2005 (filed herewith). 4.34 Form of Debenture between the Company and Preston Capital Partners, LLC, dated May 26, 2005 (filed herewith). 4.35 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated May 27, 2005 (filed herewith). 4.36 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated May 27, 2005 (filed herewith). 4.37 Form of Debenture between the Company and Dutchess Private Equities Fund, II, LP, dated June 6, 2005 (filed herewith). 4.38 Warrant Agreement between the Company and Dutchess Private Equities Fund, II, LP dated June 6, 2005 (filed herewith). 4.39 Form of Debenture between the Company and Preston Capital Partners, LLC, dated June 20, 2005 (filed herewith). 10.1 Reseller Agreement between the Company and Vivato, Inc., dated August 14, 2002 (included as exhibit 10.1 to the Form 10-QSB filed November 13, 2003, and incorporated herein by reference). 10.2 Short Term Rental Agreement between the Company and Vidcon Solutions Group, Inc., dated February 5, 2003 (included as exhibit 10.3 to the Form 10-QSB filed November 13, 2003, and incorporated herein by reference). 10.3 Consulting Agreement between the Company and Dutchess Advisors, LLC, dated April 1, 2003 (included as exhibit 10.3 to the Form 8-K filed April 23, 2003, and incorporated herein by reference). 10.4 Restructuring and Release Agreement between the Company, Dutchess Advisors LLC, Dutchess Capital Management LLC, Michael Novielli, Western Cottonwood Corporation, Atlantis Partners, Inc., John Freeland, Greg Mardock, and VLK Capital Corp., dated April 9, 2003 (included as exhibit 10.2 to the Form 8-K filed April 23, 2003, and incorporated herein by reference). 10.5 Stock Purchase Agreement between the Company and Michael Cummings, dated May 16, 2003 (included as exhibit 2.1 to the Form 8-K filed June 13, 2003, and incorporated herein by reference). 10.6 Consulting Agreement between the Company and Marketbyte, LLC, dated July 24, 2003 (included as exhibit 10.8 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.7 Motorola Reseller Agreement between the Company and Motorola, Inc., dated August 18, 2003 (included as exhibit 10.2 to the Form 10-QSB filed November 13, 2003, and incorporated herein by reference). 10.8 Investment Agreement between the Company and Preston Capital Partner, LLC, dated January 21, 2004 (included as exhibit 10.7

to the Form SB-2 filed January 21, 2004, and incorporated herein by reference). 10.9 Registration Rights Agreement between the Company and Preston Capital Partners, LLC, dated January 21, 2004 (included as exhibit 10.8 to the Form SB-2 filed January 21, 2004, and incorporated herein by reference). 10.10 Placement Agent Agreement between the Company and Park Capital Securities, LLC, dated January 21, 2004 (included as exhibit 10.9 to the Form SB-2 filed January 21, 2004, and incorporated herein by reference). 10.11 Premier Reseller Agreement between the Company and Aruba Wireless Networks, Inc., dated January 29, 2004 (included as exhibit 10.10 to the Form SB-2/A filed February 9, 2004, and incorporated herein by reference). 10.12 Investor Relations Service Agreement between the Company and Eclips Ventures International, dated February 2, 2004 (included as exhibit 10.9 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.13 XO Communications, Inc. Agent Agreement between the Company and XO Communications, Inc., dated March 8, 2004 (included as exhibit 10.13 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.14 Mpartner Independent Agent Agreement between the Company and Mpower Communications Corp., dated March 23, 2004 (included as exhibit 10.10 to the Form SB-2 filed on July 27, 2004, and incorporated herein by reference). 10.15 Sales Agent Agreement between the Company and PAETEC Communications, dated March 23, 2004 (included as exhibit 10.11 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.16 Qwest Services Corporation Master Representative Agreement between the Company and Qwest Services Corp., dated March 23, 2004 (included as exhibit 10.12 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.17 Lease Agreement - Las Vegas location between the Company and HQ Global Workplaces, dated January 2, 2004 (included as exhibit 10.8 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.18 Lease Agreement - Los Angeles location between the Company and HQ Global Workplaces, dated March 1, 2004 (included as exhibit 10.15 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.19 Lease Agreement - Gold River location between the Company and HQ Global Workplaces, dated May 20, 2004 (included as exhibit 10.16 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.20 Lease Agreement - Scottsdale location between the Company and HQ Global Workplaces, dated June 1, 2004 (included as exhibit 10.17 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.21 Lease Agreement - Seattle location between the Company and HQ Global Workplaces, dated June 1, 2004 (included as exhibit 10.18 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.22 Promissory Note Agreement between the Company and Stephen Pearson, for the acquisition of Del Mar Systems, Inc., dated March 1, 2004 (included as exhibit 10.19 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.23 Promissory Note between the Company and Dutchess Private Equities Fund, dated December 17, 2003 (included as exhibit 10.20 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.24 Promissory Note between the Company and Dutchess Private Equities Fund, dated January 9, 2004 (included as exhibit 10.21 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.25 Promissory Note between the Company and Dutchess Private Equities Fund, dated February 2, 2004 (included as exhibit 10.22 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.26 Promissory Note between the Company and Dutchess Private Equities Fund, dated February 5, 2004 (included as exhibit 10.23 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.27 Employment Agreement between the Company and Robert W. Barnett, dated January 19, 2004 (included as exhibit 10.25 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.28 Promissory Note between the Company and Michael Cummings, dated December 30, 2003 (included as exhibit 10.26 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.29 Promissory Note between the Company and Michael Cummings, dated March 15, 2004 (included as exhibit 10.27 to the Form SB-2 filed July 27, 2004, and incorporated herein by reference). 10.30 Territory License Agreement between the Company and 5G Wireless Communications, Inc., dated February 2004 (included as exhibit 10.27 to the Form 10-QSB filed August 23, 2004, and incorporated herein by reference). 10.31 Lease Agreement between the Company and Alton Plaza Property, Inc., dated June 29, 2004 (included as exhibit 10.28 to the Form 10-QSB filed August 23, 2004, and incorporated herein by reference). 10.32 Stock Purchase Agreement between the Company, Raymond Mallory, and Will Stice, dated January 17, 2005 (included as exhibit 2.1 to the Form 8-K filed January 24, 2005, and incorporated herein by reference). 10.33 Employment Agreement between the Company and Jeffrey R. Hultman, dated March 7, 2005 (included as exhibit 99.2 to the Form 8-K filed March 9, 2005, and incorporated herein by reference). 10.34 Employment Agreement between the Company and Michael V. Rosenthal, dated March 14, 2005 (included as exhibit 99.2 to the Form 8-K filed March 14, 2005, and incorporated herein by reference). 14.1 Code of Ethics (included as exhibit 14.1 to the Form 10-KSB filed April 9, 2004, and incorporated herein by reference). 21.1 List of Subsidiaries (filed herewith). 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification of Officers pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (b) Reports Filed on Form 8-K On January 24, 2005, the Company filed an 8-K reflecting a Stock Purchase Agreement with Raymond Mallory and Will Stice to acquire California-based networking services firm Com Services, Inc. for $430,000 in cash and stock. On January 28, 2005, the Company filed an 8-K reflecting Michael Novielli's interview with Larry Isen of Marketbyte, LLC. On February 18, 2005, the Company filed an 8-K reflecting the dismissal by the Board of Directors of Rose, Snyder & Jacobs as our principal accountant and the appointment by the Board of Directors of Michael Johnson & Co., LLC to serve as our independent public accountants for the fiscal year ending December 31, 2004. On March 9, 2005, the Company filed an 8-K reflecting acceptance by the Board of Directors of Michael Cummings' resignation as Chief Executive Officer and the appointment by the Board of Directors of Jeffrey Hultman to serve as our new Chief Executive Officer. On March 17, 2005, the Company filed an 8-K reflecting Michael Rosenthal becoming our new Chief Financial Officer. On May 11, 2005, the Company filed an 8-K reflecting acceptance by the Board of Directors of Michael Cummings' resignation as Director. SIGNATURE In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. NETWORK INSTALLATION CORPORATION (Registrant) Date: July 29, 2005 By: /s/ Jeffrey R. Hultman -------------------------------- Jeffrey R. Hultman President & Chief Executive Officer By: /s/ Michael V. Rosenthal --------------------------------- Michael V. Rosenthal Chief Financial Officer 16