ROAMING MESSENGER INC
Form 10KSB/A
August 10, 2005

FORM 10-KSB/A

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2004

For the transition period from July 1, 2003 to June 30, 2004

Commission file number 0-13215

ROAMING MESSENGER, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Nevada | 30-0050402 |
| (State of Incorporation) | (I.R.S. Employer Identification No.) |

6144 Calle Real Suite, 200, Santa Barbara, California 93117
(Address of principal executive offices) (Zip Code)

(805) 683-7626
Registrant's telephone number, including area code

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

| Title of Each Class | Name of Each Exchange On Which Registered |
|---|---|
| COMMON STOCK | OTC |

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

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

The aggregate market value of voting stock held by non-affiliates of the registrant was approximately $12,325,246 as of August 31, 2004 (computed by reference to the last sale price of a share of the registrant's Common Stock on that date as reported by NASDAQ).

There were 172,399,615 shares outstanding of the registrant's Common Stock as of

August 31, 2004.

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## PART I

### ITEM 1. BUSINESS

Company History

Roaming Messenger, Inc. (the "Company") is a Nevada corporation formerly known as Latinocare Management Corporation ("LMC"). The Company originally incorporated in Colorado in July 1983. Effective April 1, 2003, the Company completed a Plan and Agreement of Reorganization with Warp 9, Inc., a Delaware corporation ("W9") and effective June 30, 2003, the Company completed a second Plan and Agreement of Reorganization with W9 (collectively the "Reorganization"). Pursuant to the Reorganization, LMC acquired all of the issued and outstanding common stock of W9 in exchange for approximately 131,026,173 newly issued shares of LMC common stock, W9 became a wholly owned subsidiary of LMC, and the shareholders of W9 became the controlling shareholders of LMC. Prior to its business combination with W9, LMC had no tangible assets and insignificant liabilities. Subsequent to the Reorganization the Company changed its name to Roaming Messenger, Inc.

General

We are a software company and have developed a proprietary system that enables software programs and other business applications to connect to wired and wireless devices, such as cellular phones, computers and personal digital assistants. This system, known as the Roaming Messenger Platform, serves as a gateway to the mobile world for a variety of software programs and other business applications such as those used in emergency response, homeland security, logistics, healthcare and financial services.

The Roaming Messenger Platform allows applications to send out smart messages, or "messengers," to mobile devices. Unlike regular e-mail messages, these software messengers are encrypted, and have the ability to roam automatically among mobile devices, trying to get the attention of the user, confirm receipt, deliver interactive content, and transmit real-time responses back to the sending application. They also have the ability to move independently to alternative recipients in an organization's chain of command if the originally intended recipient does not respond in a timely fashion.

For example, a software messenger may try to locate a person on his or her computer, and, if there is no response, move to that person's cellular phone, and subsequently move to that person's personal digital assistants. If still unanswered, the messenger will travel automatically to the next person with authority to act on the message, such as the superior of the originally intended recipient.

We have generated only minimal revenues from the Roaming Messenger Platform. To date, almost all of our revenues have been generated by Warp 9, Inc., our wholly-owned subsidiary, that offers web-based e-commerce software products and services to the catalog and direct marketing industry. However, in the future, we believe that a large majority of our revenues will come from the sale of our Roaming Messenger technology.

Roaming Messenger Product Line

We offer a range of gateway servers configured to meet the various mobile communication demands of users and organizations. All the necessary Roaming Messenger software is pre-installed in the Gateway Appliances for instant integration and deployment. We also offer a hosted version of the Roaming Messenger system where customers can pay a monthly fee to access the capabilities of Roaming Messenger without large upfront fees.

The entire Roaming Messenger software suite is available for licensing to strategic VAR and OEM partners for creating customized or private labeled Roaming Messenger systems.

Applications For Roaming Messenger

Emergency Response.

We believe that Roaming Messenger can be the mobile messaging extension for any Emergency Response Management system in automating the notification, authorization, and deployment of an Emergency Response Team. For example, a response team can be dynamically assembled by sending off a Roaming Messenger to the mobile devices of Emergency Managers, informing them of the situation and requesting authorization to deploy a Response Team. After receiving authorization, Roaming Messenger could then proceed to all selected Tier 1 First Responders, get their acknowledgment and also deliver the emergency incident report.

Security.

Roaming Messenger can be integrated with any security monitoring system to deliver real-time notification with actionable responses. Notifications regarding security breaches such as fire alarms, HVAC failures, motion sensors and restricted access can be enhanced by Roaming Messenger. Responsible personnel are presented with information regarding the breach, as well as actions such as informing law enforcement, turning on or off mechanisms to resolve the breach - all from mobile or desktop devices. Military and Defense.

The battlefield is going hi-tech with the goal of enabling real-time command and control capabilities from the highest to the lowest tactical echelons. Roaming Messenger can be used for delivering situational awareness and command and control information to tactical personnel with wireless mobile devices. Roaming Messenger can facilitate a seamless flow of battle command information across the battle space by roaming from person to person.

Healthcare.

Roaming Messenger can be deployed along side existing healthcare management systems to improve response time and patient satisfaction within a hospital. Patient requests or patient monitoring systems can alert appropriate nurses of problems or escalate accordingly to ensure timely response. When Roaming Messenger finds the nurse, the nurse accepts that task or delegates it to an appropriate aide. After the nurse's aide has resolved the patient request, Roaming Messenger can go back to the nurse, inform the nurse of the resolution and if appropriate log the incident into the hospital's central patient monitoring system. Communication processes at the doctor's level can also be automated in the same way.

Real-time Enterprise.

The essence of a Real-time Enterprise is event-driven. When something happens, the people who care about it need to respond. As the workforce becomes increasingly mobile, Enterprise information systems need to be able to securely and efficiently contact them. Roaming Messenger is an ideal mobile extension to any Enterprise system by providing an intelligent message that can track down appropriate people and obtain approvals to push along the business process. Whether it is getting an invoice paid, ordering more parts for the production line or updating a customer management system, Roaming Messenger can be used as the mobile messaging component.

Manufacturing.

For manufacturing businesses, reaching the right people at the right time and monitoring and assessing critical information from production lines and security systems can significantly reduce costs and improve employee safety. Roaming Messenger can be integrated to any manufacturing monitoring system to deliver actionable notifications regarding equipment failures, security breaches, chemical spills, and other critical events to responsible technicians, as well as keep plant managers informed of situation progress and resolution.

Mobile Commerce.

Roaming Messenger can also facilitate mobile commerce transactions. For example, wireless mobile vending solutions today require the physical machine to have a dedicated Internet connection, which makes mass deployment very difficult and costly. Using Roaming Messenger, a purchase transaction can be completed with end-to-end security by allowing the vending machine to piggy-back on the Internet connection of the user's smart phone or PDA via a local Infrared or

Bluetooth connection. Roaming Messenger can be initiated by the vending machine to the user's handheld device, request item and payment selections, interact with an Internet payment server, report inventory and status to a different server and return back to the vending machine to complete the transaction in real-time.

Marketing Strategy

We intend to enhance, promote and support the idea that Roaming Messenger is the most compelling and efficient solution available in the marketplace for mobile messaging. In order to create a favorable environment for sales, we plan to undertake advertising and promotion efforts. These efforts will be outsourced and will require the services of an advertising firm and public relations firm. We plan to interview various firms and select those most capable of assisting us with comprehensive advertising and promotion plans. We have recently commenced building out our marketing department staff to accelerate these efforts. We have not yet determined the potential costs of our marketing strategy.

We will continue to invest in small test campaigns before committing to large promotions or marketing campaigns. Our overall marketing strategy is a three pronged approach.

- First, we will market to channel sales partners in our target markets. Channel partners are application developers and system integrators who we believe can benefit from integrating Roaming Messenger into their products or solutions to fulfill their mobile messaging requirements.

- Second, we will execute direct marketing campaigns to potential end users of our technology and make them aware of the capabilities of our technology.

- Third, we will execute direct marketing campaigns to multiple market segments to see what other markets have an immediate interest for Roaming Messenger technology. Once a new market is determined to be a hot market, then we shall execute the First and Second prong of our three-pronged strategy on that new market.

Sales Strategy

We currently have limited number of customers, which generate nominal revenue. We intend to aggressively promote the Roaming Messenger product in the United States. We intend to pursue international sales after establishing sales in the domestic marketplace. Our management has identified the following primary target market segments for the Roaming Messenger solution:

- Homeland Security
- Emergency Response, Public Health and Safety
- Military and Defense
- Enterprises
- Wireless Carriers

Distribution Channels

Roaming Messenger is a mobile messaging component with applications in many markets. We intend to sell and license the Roaming Messenger products to system integrators and application developers in markets such as Homeland Security, Emergency Response, Military and Enterprise Automation. We intend to sell Roaming Messenger through channel partners and value-added resellers (VARs) who are established in their respective vertical markets.

Sources of Revenue

Our management believes that most of our revenues will come from the licensing of our Roaming Messenger product, customer training and support, and software upgrades to application developers and system integrators.

We have decided to use a deployment pricing model for the gateway server version of Roaming Messenger based on the number of users enabled to send and receive Roaming Messengers. Customers will be asked to pay a one-time license fee for each user that is activated for Roaming Messenger communication. Customers will then be invited to subscribe to an ongoing service plan (optional) that would provide training, support, maintenance and software upgrades.

On the hosted, or subscription model, customers pay a monthly fee to us for access to a Roaming Messenger system hosted and managed by us. The monthly fee is assessed based on the number of users in the customer's Roaming Messenger deployment, and on monthly message volume. The hosted version of Roaming Messenger is in essence a messaging service infrastructure for applications that are integrated into it.

Proprietary Technology

Our intellectual property portfolio consists of the following patent applications, which are pending:

Self Contained Business Transaction Capsules

A self-contained business transaction capsule, or eCapsule, is a small electronic capsule that contains all the necessary data and logic to complete a business transaction. The eCapsule is a "thin" and "lightweight" small computer-readable file that is device independent. The eCapsule allows a business, for example, to encapsulate an individual product or offer into an intelligent object that is capable of completing entire transactions. The eCapsule includes data about the product or service being provided, such as the product price, a textual description, or options of the product or service (a transaction description). The eCapsule also includes transaction logic or business logic capable of completing the transaction, such as billing and shipping information, order routing information, order status information, shipping status information, and any other transaction rules necessary to process the transaction. Moreover, the eCapsule is adapted to be broadcasted to, and stored on, a portable electronic device, such as a mobile wireless-enabled device, like a cellular telephone, a personal digital assistant (PDA) or a laptop computer. The application for this patent was filed on January 2, 2001.

Utilizing Mobile Devices as a Communication Proxy for Non-Connected Terminals

This invention is a method and system in which terminals, appliances and machines without dedicated Internet connections can complete Internet based transactions by piggy-backing on the connection of the user's handheld device. An example of an application of this invention is a vending machine that can conduct electronic wireless payments without having an internal wireless device that communicates with a server on the Internet. Existing solutions require the vending machine to be equipped with an internal cell phone. Using this invention, the vending machine can communicate with the consumer's handheld device via Infrared or Bluetooth and simply uses the handheld device as the conduit to the Internet for remote payment processing. This invention also covers many other applications including secured doorways, factory floors and smart data acquisition sensors. The application for this patent was filed on February 21, 2002.

Competition

The market for our products and services is becoming increasingly competitive. The widespread adoption of open standards may make it easier for new market entrants and existing competitors to introduce products that compete against ours. We believe that we will compete primarily on the basis of our unique ability to encapsulate data and logic into smart software messengers that can travel automatically among user devices, track down users, deliver interactive content, and bring decisions and data back to business applications in real-time. Because we are smaller than most of our competitors, we believe that we can be more attentive to the needs of our customers than some of our competitors. As a provider of next-generation mobile data technology, we assess potential competitors based primarily on the functionality of their products and the range of services offered by them, the security and scalability of their product architecture, their customer base and geographic focus and their capitalization and other resources.

Our potential competitors may be found among various industries, including:

> Mobile Access Gateway Vendors And Messaging Solution Providers: companies in this category include Openwave Systems, 724 Solutions, LogicaCMG, Comverse, Materna, Nokia and Ericsson.
>
> Alerts Focused Businesses: companies in this area include Xiam, First Hop, Materna, and Infospace. These companies are competitive in the time-critical communication application of our technology.

Our competitors have established, and may establish in the future, strategic relationships among themselves or with third parties to increase their ability to address the needs of our current and prospective customers. Through these relationships or independently, current and potential competitors may be able to adapt more quickly than we can to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products to both our existing customers and our potential customers. There can be no assurance that we will be able to compete successfully with existing or new competitors many of which have greater financial resources, greater name recognition, more management experience, and longer operating histories than we have.

Other Products and Services

Our wholly owned subsidiary, Warp 9 Inc., offers two primary web-based e-commerce software products to the catalog and direct marketing industry.

Warp 9 ICS.

The Warp 9 ICS is a proprietary and extensible software system that enables catalogers and retailers to expand their operation to the Internet with minimal investment, overhead and risk. A business does not need to invest in new hardware or software in order to utilize the Warp 9 ICS, because the products is offered as a fully managed online catalog solution that includes hosting at our datacenter. As a total solution, Warp 9 offers project management, development and integration into a customer's existing business processes. We charge our customers a monthly subscription fee to the Warp 9 ICS product using an application service provider ("ASI") model. There are various package levels for the Warp 9 ICS product. Customers pay anywhere from $1,000/month to $14,000/month depending on the size of their system configuration and monthly sales volume through ICS.

Warp 9 EMS.

Warp 9 EMS is a web-based e-mail campaign and list management system designed for high performance and reliability. EMS's sophisticated technology will allow markets to send targeted e-mail campaigns that help grow, retain and maximize the lifetime value of their customers. Through content personalization and list segmentation, campaign efforts will result in higher response rates, higher conversion rates and improved customer loyalty. Warp 9 EMS enables unprecedented response rates that are not achievable through traditional forms of direct marketing. EMS customers typically pay anywhere from $100/month to $2,000/month depending the size of their e-mail list and monthly volume on outgoing e-mails. Most ICS customers also purchase EMS to complement their online commerce strategy.

Professional Services

Most customers of Warp 9 ICS and Warp 9 EMS are not technology companies and have very little internal expertise in the areas of e-commerce, online marketing and web technologies. To provide a complete solution to our customers, we also offering professional services to help our customers maximize the use of our technology or other online e-commerce technologies and services in general. Professional services includes but not limited to e-commerce web page template development, custom system configuration, graphics design, integration to backend business systems and management of 3rd party online service.

Revenue Model

We charge our customers a monthly subscription fee to the Warp 9 ICS and Warp 9 EMS products using an ASP model. Over half of Warp 9's revenues are from the ICS product which continues to be a growing product for Warp 9. EMS is a smaller revenue-generating product and usually sold to customers already on the ICS product. For the fiscal year ended, June 30, 2004, monthly fee from web products and associated service fees account for 97% of the Company's total revenues, professional services account for 20% and the remaining 5% of total revenues are from resale of third party products and services.

Government Regulation

The Company is subject to various federal, state, and local laws affecting medical e-commerce and communication businesses. The Federal Trade Commission and equivalent state agencies regulate advertising and representations made by businesses in the sale of their products, which apply to the Company. The Company is also subject to government laws and regulations governing health, safety, working conditions, employee relations, wrongful termination, wages, taxes and other matters applicable to businesses in general.

Employees

At the date of this report the Company employs seventeen full time employees, including the President of the Company. Those full-time employees include six who are employed in administrative, marketing, and sales positions, and eleven are technical employees employed in research, development, and technical product maintenance positions. The Company also employs independent contractors for sales, marketing and business development efforts who are available to the company on a half or near full-time basis. The Company projects that during the next 12 months, the Company's workforce is likely to increase to 30, with four of the new positions being in the administrative, marketing, and sales areas and the remaining nine of the new positions being in research, development, and production positions.

All of the Company's employees have executed agreements that impose nondisclosure obligations on the employee and assign to the Company (to the extent permitted by California law) all copyrights and other inventions created by the employee during his employment with the Company. Additionally, the Company has a trade secret protection policy in place that management believes to be adequate to protect the Company's intellectual property and trade secrets.

Seasonality

The Company does not anticipate that its business will be substantially affected by seasonality.

Trademarks

The Company has not been issued any registered trademarks for its "Roaming Messenger" trade name. The Company has filed trademark and tradename applications with the United States Office of Patents and Trademarks for its proposed tradenames and trademarks.

ITEM 2. PROPERTIES

The Company currently leases approximately 8,605 square feet of office space at 50 Castillian Dr., Suite A, Santa Barbara, California 93117 for approximately $7,750 per month, triple net, pursuant to a six year lease agreement with rent commencing on October 1, 2004.

The Company will vacate its old office space of approximately 3,650 square feet, by September 30, 2004, located at 6144 Calle Real, Suite 200 Santa Barbara, California 93117 which it will sublease for the remainder of the lease until March 2007.

ITEM 3. LEGAL PROCEEDINGS

On June 21, 2004, Michael Gilbert, a shareholder, filed a complaint with the Superior Court of the State of California for the County of Santa Barbara, for breach of contract, damages and specific performance relating to the removal of the restrictive legend on his unregistered shares in Roaming Messenger Inc. Mr. Gilbert accused the Company of refusing to permit him to remove the restrictive transfer legend on his unregistered shares under Rule 144 of the Securities Act of 1933, as amended. The Company and the Company's corporate counsel believe that Mr. Gilbert's claim is without merit and only a result of his misunderstanding of the Rule 144 process. At no time did the Company object to Mr. Gilbert's request for legend removal. The Company anticipates that this complaint will be resolved without lengthy litigation, but will vigorously defend the lawsuit until it is resolved.

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

Effective July 10, 2003, the Company adopted the Roaming Messenger, Inc. 2003 Stock Option Plan for Directors, Officers, Employees and Key Consultants (the

"Plan") authorizing the issuance of up to 25,000,000 shares of the Company's common stock pursuant to the grant and exercise of up to 25,000,000 stock options. The Board of Directors of the Company unanimously approved the adoption of the Plan. The holders of 100,140,025 shares or approximately 68.76% of the total issued and outstanding shares of the Company voted to ratify the adoption of the Plan. No shares of the Company voted against ratifying the adoption of the Plan. The remaining outstanding shares abstained.

Effective September 22, 2004, the Company amended its Articles of Incorporation (the "Amendment") to increase the authorized number of shares of common stock from 200,000,000 to 495,000,000 and to establish the number of shares of Preferred Stock at 5,000,000. The Board of Directors of the Company unanimously approved the adoption of the Amendment. The holders of 99,691,525 shares or approximately 58% of the total issued and outstanding shares of the Company voted to ratify the adoption of the Amendment. No shares of the Company voted against ratifying the adoption of the Amendment. The remaining outstanding shares abstained.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock trades on the NASD OTC Bulletin Board Market under the symbol "RMSG." The range of high and low bid quotations for each fiscal quarter within the last two fiscal years was as follows:

| Year Ended June 30, 2004 | HIGH | LOW |
|---|---|---|
| First quarter ended September 30, 2003............... | $0.52 | $0.27 |
| Second quarter ended December 31, 2003............... | $0.45 | $0.25 |
| Third quarter ended March 31, 2004................... | $3.60 | $0.27 |
| Fourth quarter ended June 30, 2004................... | $1.90 | $0.45 |

| Year Ended June 30, 2003 | HIGH | LOW |
|---|---|---|
| First quarter ended September 30, 2002............... | $0.12 | $0.12 |
| Second quarter ended December 31, 2002............... | $0.12 | $0.12 |
| Third quarter ended March 31, 2003................... | $0.12 | $0.06 |
| Fourth quarter ended June 30, 2003................... | $0.75 | $0.06 |

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The above quotations reflect inter-dealer prices, without retail markup, mark-down, or commission and may not necessarily represent actual transactions.

As of June 30, 2004, there were approximately 500 record holders of the Company's common stock, not including shares held in "street name" in brokerage accounts which is unknown. As of June 30 2004, there were approximately 172,399,615 shares of common stock outstanding on record with the Company's transfer agent, Mountain Share Transfer. Effective September 22, 2004, the Company amended its Articles of Incorporation to increase the authorized number of shares of common stock from 200,000,000 to 495,000,000 and to establish the number of shares of preferred stock at 5,000,000.

The Company has not declared or paid any cash dividends on its common stock and does not anticipate paying dividends for the foreseeable future.

Effective July 10, 2003, the Company adopted the Roaming Messenger, Inc. 2003 Stock Option Plan for Directors, Officers, Employees and Key Consultants (the "Plan") authorizing the issuance of up to 25,000,000 shares of the Company's common stock pursuant to the grant and exercise of up to 25,000,000 stock options. The Plan has been approved by the holders of the outstanding shares of the Company. The following table sets forth certain information regarding the Plan as of June 30, 2004:

| | Number of securities to be issued upon exercise of outstanding stock options | Weighted-average exercise price of outstanding stock options | Numbe remain future is comp |
|---|---|---|---|
| Equity compensation plans approved by security holders | 8,297,494 | $0.09 | |

In a series of private placements of the Company's common stock made by the Company to accredited investors from April 8, 2003 to January 15, 2004 pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended (the "Act"), the Company sold a total of 5,934,266 shares of common stock for a price of $0.08 per share, raising gross proceeds of $377,741. This offering was completed and terminated on January 15, 2004.

In a private placement of the Company's common stock made by the Company to accredited investors from February 1, 2004 to February 10, 2004 pursuant to Rule 506 of Regulation D of the Act, the Company sold 1,622,500 shares of common stock at a price of $0.16 per share, which raised gross proceeds of $260,000. This offering was completed and terminated on February 10, 2004.

In a private placement of the Company's common stock made by the Company to accredited investors from February 23, 2004 to March 10, 2004 pursuant to Rule 506 of Regulation D of the Act, the Company sold 1,500,000 shares of common stock at a price of $0.35 per share, which raised gross proceeds of $525,000. This offering was completed and terminated on March 10, 2004.

In a private placement of the Company's common stock made by the Company to accredited investors from March 15, 2004 to May 15, 2004 pursuant to Rule 506 of Regulation D of the Act, the Company intended to sell 2,000,000 shares of common stock at a price of $0.50 per share. Total gross proceeds from this offering were $210,000 from the sale of 420,000 shares. This offering was terminated on June 30, 2004.

In a private placement of the Company's common stock made by the Company from July 23, 2003 to April 20, 2004 pursuant to Regulation S of the Act at a variable price equal to 28% of the closing bid price on the date of the purchase of the stock, the Company raised gross proceeds of approximately $1,096,416 from the sale of 13,181,027 shares. This offering was terminated on April 20, 2004.

In a private placement of the Company's common stock made by the Company from November 5, 2003 to March 31, 2004 pursuant to Regulation S of the Act at a variable price equal to 33% of the closing bid price on the date of the purchase of the stock, the Company raised gross proceeds of $81,886 from the sale of 446,900 shares. This offering was terminated on June 30, 2004.

For the fiscal year ended June 30, 2004, employees of the Company exercised a total of 2,400,000 stock options at an exercise price of $0.08 per share. The Company received gross proceeds of $150,000 for the issuance of 1,875,000 shares of unregistered common stock and $0 for the issuance of 525,000 shares on a cashless exercise of 625,000 stock options.

In January 2004, the Company entered into a consulting agreement with an investor relations firm where the Company issued 400,000 shares of restricted and unregistered common stock for services rendered.

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

Cautionary Statements

This Form 10-KSB contains financial projections and other "forward-looking statements," as that term is used in federal securities laws, about Roaming Messenger Inc.'s financial condition, results of operations and business. These statements include, among others: statements concerning the potential for revenues and expenses and other matters that are not historical facts. These statements may be made expressly in this Form 10-KSB. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," or similar expressions used in this Form 10-KSB. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause the Company's actual results to be materially different from any future results expressed or implied by the Company in those statements. The most important facts that could prevent the Company from achieving its stated goals include, but are not limited to, the following:

(a) volatility or decline of the Company's stock price;

(b) potential fluctuation in quarterly results;

(c) failure of the Company to earn revenues or profits;

(d) inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement its business plans;

(e) inadequate capital to continue business;

(f) changes in demand for the Company's products and services;

(g) rapid and significant changes in markets;

(h) litigation with or legal claims and allegations by outside parties;

(i) insufficient revenues to cover operating costs.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. The Company cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-KSB. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-KSB or to reflect the occurrence of unanticipated events.

Current Overview

We are a software company and have developed a proprietary system that enables software programs and other business applications to connect to wired and wireless devices, such as cellular phones, computers and personal digital assistants. This system, known as the Roaming Messenger Platform, serves as a gateway to the mobile world for a variety of software programs and other business applications such as those used in emergency response, homeland security, logistics, healthcare and financial services.

We have recently rolled out an improved version of the Roaming Messenger Platform which is being offered as a standalone server product or a hosted service. We expect to sell and license the Roaming Messenger product to system integrators and application developers in markets such as emergency response services, the military and private businesses. For example, we might sell a Roaming Messenger Gateway server to a systems integrator that is designing an emergency alert and notification system. We plan to sell Roaming Messenger through channel partners and value-added resellers (VARs) who are established in their respective vertical markets.

For the year ended June 30, 2004, we focused our efforts primarily on product refinement and market development of the Roaming Messenger product. We have forged a number of partnerships with small to medium sized companies in the Homeland Security and Public Safety sector. While we have validated the need for the unique capabilities of Roaming Messenger in these markets, significant revenue has yet to be derived, due to minimal sales and marketing efforts. Also, it took much longer than anticipated for federal funds to flow into the information technology procurement departments of government and public safety agencies to which most of our channel partners sell.

A large part of our investment capital was used for product development and infrastructure build-out during the year ended June 30, 2004. However, this will shift more towards sales, marketing and business development for the upcoming fiscal year ending June 30, 2005. The homeland security and public safety markets are still our primary markets as we are beginning to see increased information technology spending at the state and local government level. While Roaming Messenger is a horizontal product with application in many markets, our primary sales and marketing strategy continues to be vertically focused. We will execute various low-cost horizontal marketing programs, concurrently, to identify new opportunities in non-primary vertical markets - such as healthcare or enterprise markets.

Our growth strategy consists of three phases:

- o During Phase I we will focus our marketing efforts on the Homeland Security and Public Safety markets
- o During Phase II we will focus on the enterprise markets for business process management and communication applications.
- o During Phase III we will focus on the consumer markets for application such as mobile commerce and mobile gaming.

In executing our growth strategy, strategic acquisition of synergistic companies may be explored. When decide on potential acquisition candidates, we will consider whether the candidate offers (i) access to customers and (ii) complementary products or services.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations, including the discussion on liquidity and capital resources, are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amounts of trade accounts receivable, impairment of long-lived assets, revenue recognition and deferred tax assets. We believe the following critical accounting policies require its more significant judgment and estimates used in the preparation of the financial statements.

We maintain an allowance for doubtful accounts for estimated losses that may arise if any of our customers 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 uncollectability of our trade accounts receivable balances. If we determine that the financial conditions of any of our customers deteriorated, whether due to customer specific or general economic issues, increases in the allowance may be made. Accounts receivable are written off when all collection attempts have failed.

We follow the provisions of Staff Accounting Bulletin ("SAB") 101, "Revenue Recognition in Financial Statements" for revenue recognition and SAB 104. Under Staff Accounting Bulletin 101, four conditions must be met before revenue can be recognized: (i) there is persuasive evidence that an arrangement exists, (ii) delivery has occurred or service has been rendered, (iii) the price is fixed or determinable and (iv) collection is reasonably assured.

Income taxes are accounted for under the asset and liability method. Under this method, to the extent that we believe that the deferred tax asset is not likely to be recovered, a valuation allowance is provided. In making this determination, we consider estimated future taxable income and taxable timing differences expected to reverse in the future. Actual results may differ from those estimates.

Results of Operations for the Years Ended June 30, 2003 and 2004

Total revenue for the twelve month period ended June 30, 2004 increased by $50,040 to $953,772 from $899,732 in the prior year. Revenue was derived principally from our Warp 9 Inc. subsidiary. The increase in revenue was the result of an increase in Warp 9 Inc.'s clients and products upgrades.

Total costs and expenses for the twelve month period ended June 30, 2004 increased by $682,490 from $1,299,313 in 2003 and consisted primarily of selling, general and administrative expenses and also include research and development expenses and depreciation.

Selling, general and administrative expenses increased by $474,972 during the twelve months ended June 30, 2004 to $1,474,106 from $999,135 in the prior year. The increase in selling, general and administrative expenses were the primarily caused by the increased of (i) $84,664 investor relations services, (ii) $18,284 bad debts expenses, (ii) $45,995 legal fees, (iii) $61,939 payments to business consultants and (iv) $225,583 increased salary expenses as the result of hiring additional staff. General and administrative expenses for the year ended June 30, 2004 included $132,917 of non-cash expenses of stock option, and stock compensation in lieu of payment to our consultants and employees. Expense related to depreciation were $60,231 for the twelve months ended June 30, 2004 as compared to $49,162 for the prior year, and interest expense was $15,031 for the twelve months ended June 30, 2004 as compared to $24,467 in the prior year.

Research and development expenses increased by $170,057 during the twelve months ended June 30, 2004 to $315,061 from $145,004. A majority of the increase occurred in the latter six months as the technical staff grew.

For the twelve months ended June 30, 2004, our consolidated net loss was $1,035,945 as compared to a consolidated net loss of $424,047 for the twelve months ended June 30, 2003.

Liquidity and Capital Resources

The Company had consolidated net cash of $1,495,102 at June 30, 2004 as compared to net cash of $57,408 as of June 30, 2003. The Company had a net working capital (i.e. the difference between current assets and current liabilities) of $1,191,108 at June 30, 2004 as compared to a working capital deficit of $316,436 at June 30, 2003. Cash flow provided by operating activities was ($948,193) during the twelve months ended June 30, 2004 as compared to ($218,120) during the twelve months ended June 30, 2003. Cash provided by investing activities was ($64,684) during the twelve months ended June 30, 2004 as compared to ($4,683) during the twelve months ended June 30, 2003. Cash provided by financing activities was $2,450,571 during the twelve months ended June 30, 2004 compared to $193,117 during the twelve months ended June 30, 2003. There is no assurance that the Company will have sufficient capital to finance its growth and business operations, or that such capital will be available on terms that are favorable to the Company or at all.

For the twelve months ended, June 30, 2004, the Company's capital needs have primarily been met from the proceeds of (i) private placements of unregistered common stock pursuant to Rule 506 of Regulation D of the Securities Act of 1933, as amended (the "Act"), to accredited investors at prices ranging from $0.08 per share to $0.50 per share which raised gross proceeds of $1,266,400; (ii) private placements of common stock made by the Company pursuant to Regulation S of the Act, at a variable price ranging from 28% to 33% of the closing bid price on the date of the purchase of the stock, which raised gross proceeds of $1,185,460; and (iii) stock option and warrant exercises from employee and consultants which raised gross proceeds of $198,000.

ITEM 7. FINANCIAL STATEMENTS OF ROAMING MESSENGER, INC.

ROAMING MESSENGER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Roaming Messenger, Inc.

We have audited the accompanying consolidated balance sheets of Roaming Messenger, Inc. (a Nevada Corporation) and Subsidiary (collectively referred to as the "Company") as of June 30, 2004 and 2003 and the related consolidated statements of operations, shareholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Roaming Messenger, Inc. and Subsidiary as of June 30, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has suffered recurring losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Rose, Snyder & Jacobs
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Rose, Snyder & Jacobs
A Corporation of Certified Public Accountants

Encino, California
September 10, 2004

ROAMING MESSENGER, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2004 AND 2003

| | 2004 | 2003 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash | $ 1,495,102 | $ 57,408 |
| Accounts receivable, net of allowance for doubtful account of | | -- |
| $20,000 and $0 | 116,407 | 76,898 |
| Prepaids and other current assets | 9,944 | 32,860 |
| TOTAL CURRENT ASSETS | 1,621,453 | 167,166 |
| PROPERTY & EQUIPMENT, notes 3 and 4 | | |
| Furniture, Fixtures & Equipment | 83,225 | 75,658 |
| Computer Equipment | 278,715 | 152,023 |
| Commerce Server | 50,048 | 50,000 |
| Computer Software | 3,535 | 3,535 |
| Leasehold Improvements | 42,194 | 42,194 |
| | 457,717 | 323,410 |
| Less: Accumulated depreciation & amortization | (261,370) | (200,770) |
| NET PROPERTY & EQUIPMENT | 196,347 | 122,640 |
| OTHER ASSETS | | |
| Lease deposit | 7,029 | 7,029 |
| Other assets | 2,503 | 2,261 |
| TOTAL OTHER ASSETS | 9,532 | 9,290 |
| TOTAL ASSETS | $ 1,827,332 | $ 299,096 |

LIABILITIES AND SHAREHOLDERS' DEFICIT

| | 2004 | 2003 |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable | $ 24,892 | $ 45,399 |
| Accrued liabilities | 42,093 | 42,042 |
| Officer salaries payable | 243,730 | 307,366 |
| Staff salaries payable | 46,499 | 23,447 |
| Note payable, note 4 | 39,500 | 50,000 |
| Current portion - obligations under capitalized leases, note 3 | 33,631 | 15,348 |
| TOTAL CURRENT LIABILITIES | 430,345 | 483,602 |
| LONG TERM LIABILITIES | | |
| Obligations under capitalized leases, note 3 | 45,059 | 17,345 |
| TOTAL LONG TERM LIABILITIES | 45,059 | 17,345 |
| TOTAL LIABILITIES | 475,404 | 500,947 |
| COMMITMENTS AND CONTINGENCIES, note 9 | | |
| SHAREHOLDERS' DEFICIT, note 7 | | |

| | | |
|---|---|---|
| Capital Stock | 172,400 | 147,912 |
| Additional Paid-in Capital | 3,871,738 | 1,306,502 |
| Accumulated deficit | (2,692,210) | (1,656,265) |
| TOTAL SHAREHOLDERS' DEFICIT | 1,351,928 | (201,851) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | $ 1,827,332 | $ 299,096 |

See independent auditors' report and notes to consolidated financial statements.

ROAMING MESSENGER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

| | 2004 | 2003 |
|---|---|---|
| REVENUE, notes 2 and 10 | $ 953,772 | $ 899,732 |
| Cost of revenue, note 2 | 132,404 | 106,011 |
| Selling, general and administrative expenses, notes 7 and 8 | 1,474,106 | 999,135 |
| Depreciation and amortization | 60,231 | 49,162 |
| Research and development | 315,061 | 145,004 |
| TOTAL COSTS AND EXPENSES | 1,981,802 | 1,299,312 |
| OPERATING LOSS | (1,028,030) | (399,580) |
| OTHER INCOME (EXPENSES) | | |
| Interest income | 7,116 | -- |
| Interest expense | (15,031) | (24,467) |
| TOTAL OTHER INCOME (EXPENSES) | (7,915) | (24,467) |
| NET LOSS | $ (1,035,945) | $ (424,047) |
| Basic and diluted loss per share | $ (0.01) | $ (0.00) |
| Weighted average number of shares | 161,432,015 | 133,280,601 |

See independent auditors' report and notes to consolidated financial statements.

ROAMING MESSENGER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

| | Shares | Common Stock | Additional Paid-in Capital | Accumulated Deficit |
|---|---|---|---|---|
| Balance, July 1, 2002 | 128,944,924 | $ 128,945 | $ 968,628 | $(1,232,218 |
| Issuance of common stock, note 7 | 4,363,013 | 4,363 | 344,598 | -- |
| Issuance of warrants, note 8 | -- | -- | 20,000 | -- |
| Recapitalization, notes 6 and 7 | 14,604,098 | 14,604 | (26,724) | -- |
| Net loss | -- | -- | -- | (424,047 |
| Balance, June 30, 2003 | 147,912,035 | $ 147,912 | $ 1,306,502 | $(1,656,265 |
| Issuance of common stock, note 7 | 24,487,579 | 24,488 | 2,515,236 | -- |
| Issuance of warrants, note 8 | -- | -- | 50,000 | -- |
| Net loss | -- | -- | -- | (1,035,945 |
| Balance, June 30, 2004 | 172,399,614 | $ 172,400 | $ 3,871,738 | $(2,692,210 |

See independent auditors' report and notes to consolidated financial statements.

ROAMING MESSENGER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

| | 2004 | 2003 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss | $(1,035,945) | $ (424,047) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation and amortization | 60,231 | 49,161 |
| Expenses paid with shares of common stock | 82,917 | 107,683 |
| Issuance of warrants and stock options | 50,000 | 20,000 |
| Changes in assets - (increase) decrease: | | |
| Accounts receivable | (39,509) | 4,914 |
| Prepaid expenses and other current assets | (5,602) | (409) |
| Changes in liabilities - increase (decrease): | | |
| Officer salaries payable | (63,636) | 60,767 |
| Accounts payable | (20,506) | (52,589) |
| Staff salaries payable & other liabilities | 23,857 | 16,400 |

| | | |
|---|---|---|
| NET CASH USED BY OPERATING ACTIVITIES | (948,193) | (218,120) |
| INVESTING ACTIVITIES | | |
| Purchase of property & equipment | (64,684) | (4,683) |
| NET CASH USED BY INVESTING ACTIVITIES | (64,684) | (4,683) |
| FINANCING ACTIVITIES | | |
| Issuance of common stock, net of costs | 2,485,324 | 215,641 |
| Payments on note payable | (10,500) | -- |
| Payments on capitalized lease obligations | (24,253) | (22,524) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,450,571 | 193,117 |
| NET INCREASE (DECREASE) IN CASH | 1,437,694 | (29,686) |
| Cash at beginning of year | 57,408 | 87,094 |
| Cash at end of year | $ 1,495,102 | $ 57,408 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the years for: | | |
| Interest | $ 15,031 | $ 24,467 |
| Income taxes | $ 800 | $ 800 |

See independent auditors' report and notes to consolidated financial statements.

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

1. ORGANIZATION

Roaming Messenger, Inc., formerly known as Latinocare Management Corporation ("LMC), originally known as JNS Marketing, Inc. was incorporated in Colorado in 1983, and then reincorporated in Nevada. LMC was engaged in the business of managing LatinoCare Network Medical Group ("LNMG"), an Independent Physician Association ("IPA") primarily servicing the growing Latin American community in the United States, and in particular in California. Due to a dispute with LNMG, LMC was forced to lay off its employees and close its business.

On April 1, 2003, LMC a publicly traded company, entered into a Plan and Agreement of Reorganization which resulted in Warp 9, Inc. ("Warp 9") becoming a wholly-owned subsidiary of LMC. In connection with the transaction, all officers and directors of LMC resigned and were replaced by the management team and directors of Warp 9. Subsequently, LMC was renamed to Roaming Messenger Inc. by the new board of directors. Although from a legal perspective, Roaming Messenger, Inc. acquired Warp 9, Inc., the transaction is viewed as a recapitalization of Warp 9, Inc., accompanied by an issuance of stock by Warp 9, Inc. to the shareholders of Roaming Messenger, Inc. This is because Roaming Messenger, Inc. did not have operations immediately prior to the transaction, and following the transaction, Warp 9, Inc. was the operating company.

Warp 9, Inc. was incorporated in the state of Delaware, under the name of eCommerceland, on August 27, 1999. The Company, based in Goleta, California, began operations October 1, 1999. Prior to October 1, 1999, the Company was operated as WARP 9 Technologies, LLC ("LLC"), a California limited liability company. LLC was merged with and into eCommerceland effective at its close of business, September 30, 1999, and on December 21, 2000 changed its name to Warp 9, Inc. For accounting and reporting purposes, the "merger" was considered a continuation of the same business, under a different type of entity. The operations and ownership of Warp 9, Inc. were substantially the same as LLC. The Company's primary source of income is service of their Warp 9 contracts, which relates to Internet data service and fully hosted web based software products.

Roaming Messenger, Inc. and Warp 9, Inc. (collectively referred to as the "Company")'s strategy is to provide a proprietary solution for real-time communication over wired and wireless devices. The Company's flagship product, Roaming Messenger, is a system for delivering real-time information for homeland security, emergency response, military and enterprise applications. Unlike solutions based on existing messaging technology such as e-mail, text messaging, and voicemail, Roaming Messenger packages time-critical information into smart messages. These messages automatically roam throughout the wired and wireless worlds - from mobile devices to desktop PCs to central servers - tracking down people and getting responses in real-time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going concern

The accompanying consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company's losses and negative cash flows from operations raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, additional cash infusion. The Company has funded its operation through the sale of its common stock through private offerings. As discussed in note 12, the Company is selling securities through a Private Placement Memorandum. Management believes, but there is no assurance, that the Company will obtain the additional working capital that it needs through the sale of its Common Stock. The Company has incurred operating deficits since inception, which are expected to continue until its business model is fully developed.

JUNE 30, 2004 AND 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

The Company extends credit to its customers, who are located primarily in California. Accounts receivable are customer obligations due under normal trade terms. The Company performs continuing credit evaluations of its customers' financial condition. Management reviews accounts receivable on a regular basis, based on contracted terms and how recently payments have been received to determine if any such amounts will potentially be uncollected. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off. Based on the information available, management believes the Company's accounts receivable are all collectible.

Revenue recognition

The Company recognizes income when the service is provided or when product is delivered. We present revenue, net of customer incentives. Most of the income is generated from monthly fees from clients who subscribe to the Company's fully hosted web products on terms averaging six months to one year. When the term ends, clients normally go on a month-to-month basis or extend the contract for another six months to one year.

We provide online marketing services that we purchase from third parties. The gross revenue presented in our statement of operations in accordance with EITF No. 99-19.

The Company also offers professional services such as enhancement services. The fees for enhancement services constitute a separate unit of accounting in accordance with EITF No. 00-21, and are recognized as the work is performed.

For the fiscal year ended, June 30, 2004, monthly fee from web products and associated service fees account for 75% of the Company's total revenues, professional services account for 20% and the remaining 5% of total revenues are from resale of third party products and services.

Returns policy

On all service offerings such as web based e-commerce products, or hosted Roaming Messenger service, there are no returns. Monthly fees are assessed and revenue is recognized at the end of every month, after service has been provided. Some higher paying customers may have service level agreements where we guarantee system uptime such as 99% of the time per month. If we fall below the agreed upon level of uptime, we shall credit one day of service fee for each hour our system is down up to a maximum of one monthly fee. This guarantee only covers downtime as a result of failure in the Company's hardware, software or gross negligence. Historical, the Company has not had to issue any credits for such returns.

Cost of Revenue

Cost of revenue includes the direct costs of operating the Company's network, including telecommunications charges, and software and hardware related costs.

Research and Development

Research and development costs are expensed as incurred. Total research and development costs were $315,061 and $145,004 for the years ended June 30, 2004 and 2003, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Significant estimates made in preparing these financial statements include the allowance for doubtful accounts, the estimate of useful lives of property and equipment, the deferred tax valuation allowance, and the fair value of stock options. Actual results could differ from those estimates.

Fair value of financial instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are carried at cost, which approximates their fair value, due to the relatively short maturity of these instruments. As of June 30, 2004 and 2003, the Company's capital lease obligations and 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.

Property and Equipment

Property and equipment are stated at cost, and are depreciated or amortized using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Furniture, fixtures & equipment | 7 Years |
| Computer equipment | 5 Years |
| Commerce server | 5 Years |
| Computer software | 3 - 5 Years |
| Leasehold improvements | Length of the lease |

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Property and equipment includes assets leased under capitalized leases with an original cost of $115,084 and $57,660 at June 30, 2004 and 2003, respectively. Amortization of assets under capitalized leases is included in depreciation and amortization expense. During the years ended June 30, 2004 and 2003, additions to fixed assets through capitalized leases totaled $70,250 and $21,701, respectively.

Concentrations of Business and Credit Risk

The Company operates in a single industry segment. The Company markets its services to companies and individuals in many industries and geographic locations. The Company's operations are subject to rapid technological advancement and intense competition in the telecommunications industry.

Accounts receivable represent financial instruments with potential credit risk. The Company typically offers its customers credit terms. The Company makes periodic evaluations of the credit worthiness of its enterprise customers and other than obtaining deposits pursuant to its policies, it generally does not require collateral. In the event of nonpayment, the Company has the ability to terminate services.

Advertising Costs

The Company expenses the cost of advertising and promotional materials when incurred. Total advertising costs were $20,156 and $21,128 for the years ended June 30, 2004 and 2003, respectively.

Stock-Based Compensation

The Company accounts for employee stock option grants in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations (APB 25), and has adopted the "disclosure only" alternative described in Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation., amended by SFAS No. 148 Accounting for Stock Based Compensation-Transition and Disclosure.

Net Loss Per Share

Net loss per common share is computed using the weighted average number of common shares outstanding during the periods presented. Options to purchase shares of the Company's stock under its stock option plan and warrants may have a dilutive effect on the Company's earnings per share in the future but are not included in the calculation for 2003 and 2002 because they have an antidilutive effect in these periods.

Income Taxes

The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. The measurement of deferred tax assets and liabilities is based on provisions of applicable tax law. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance based on the amount of tax benefits that, based on available evidence, is not expected to be realized.

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. This interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements, addresses consolidation of variable interest entities. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary if the entity does not effectively disperse risks among the parties involved. The provisions of FIN 46 are effective immediately for those variable interest entities created after January 31, 2003. The provisions are effective for the first period beginning after June 15, 2003, for those variable interests held prior to February 1, 2003. The Company has no variable interest entities and accordingly does not believe the adoption of this Interpretation will have a material impact on the Company's financial position or results of operations.

In April 2003, the FASB issued SFAS 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, which amends SFAS 133 for certain decisions made by the FASB Derivatives Implementation Group. In particular, SFAS 149 (1) clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative, (2) clarifies when a derivative contains a financing component, (3) amends the definition of underlying to conform it to language used in FASB interpretation number (FIN) 45, and (4) amends certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. In addition, most provisions of SFAS 149 are to be applied prospectively. The Company does not expect that the provisions of this statement will have a material impact on the Company's financial statements.

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS 150 improves the accounting for certain financial instruments that, under previous guidance, issuers could account for as equity. SFAS 150 requires that those instruments be classified as liabilities in statements of financial position. SFAS 150 is effective for interim periods beginning after June 15, 2003. The Company does not expect this statement to have a material impact on its financial statements.

In December 2003, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 104 (SAB 104), "Revenue Recognition", which supersedes SAB 101, "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind the accounting guidance contained in SAB 101 related to multiple-element revenue arrangements that was superseded as a result of the issuance of EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables" and to rescind the SEC's related "Revenue Recognition in Financial Statements Frequently Asked Questions and Answers" issued with SAB 101 that had been codified in SEC Topic 13, "Revenue Recognition." While the wording of SAB 104 has changed to reflect the issuance of EITF 00-21, the revenue Recognition principles of SAB 101 remain largely unchanged by the issuance of SAB 104, which was effective upon issuance. The adoption of SAB 104 did not have a material effect on the Company's financial position or results of operations.



3. OBLIGATIONS UNDER CAPITALIZED LEASES

| Lessor | Description | 2004 | 2003 |
|---|---|---|---|
| B of A | Payable in montly installments of $1513, interest at 6.8%, matures in April, 2007. | $46,651 | $ -- |
| GE | Payable in montly installments of $710 interest at 12.8%, matures in October, 2006. | 16,360 | -- |
| C.I.T. | Payable in montly installments of $166, interest at 18%, matures in October, 2003. | -- | 641 |
| Amano | Payable in monthly installments of $285, interest at 15%, matures in December, 2003. | -- | 1,374 |
| Avaya | Payable in monthly installments of $655, interest at 16%, matures in December, 2004. | 3,753 | 12,089 |
| GE | Payable in monthly installments of $348, interest at 13%, matured in October 2005. | 5,094 | 8,379 |
| Dell | Payable in monthly installments of $200, interest at 13%, matures in January 2006. | 3,407 | 5,255 |
| Dell | Payable in monthly installments of $203, interest at 21%, matures in February 2006. | 3,425 | 4,955 |
| | | 78,690 | 32,693 |
| | Less current portion | 33,631 | 15,348 |
| | Long-term portion of obligations under captalized leases | $45,059 | $17,345 |

Minimum annual lease payments under capitalized lease obligations at June 30, 2004 are as follows:

| Fiscal Year | |
|---|---|
| 2005 | $ 39,635 |
| 2006 | 30,699 |
| 2007 | 17,975 |
| | 88,309 |
| Less amounts representing interest | 9,619 |
| | 78,690 |
| Less current portion | 33,631 |
| Long term portion of capitalized lease obligations | $ 45,059 |

4. NOTE PAYABLE

The Company has a note payable to a vendor in the amount of $50,000, bearing interest at 10%, with monthly interest payment only. The maturity date, which was originally October 15, 2001, was subsequently amended to March 15, 2002 and then on demand. At June 30, 2004, the outstanding principal amount on this note is $39,500. This note is secured by furniture of the Company. See note 9.

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

5. INCOME TAXES

At June 30, 2004, the Company has available for federal and state income tax purposes, net operating loss carryforwards of approximately $6,000,000 and $1,400,000, respectively, which expire at dates that have not been determined.

The difference between the Company's effective income tax rate and the statutory federal rate for the years ended June 30, 2004 and 2003 relates primarily to losses incurred for which no tax benefit was recognized, due to the uncertainty of its realization. The valuation allowance was $2,300,000 and $1,960,000 at June 30, 2004 and 2003, respectively, representing an increase of $340,000 for the year ended June 30, 2004. Because of statutory "ownership changes" the amount of net operating losses which may be utilized in future years are subject to significant annual limitations.

A reconciliation of income tax expense that would result from applying the domestic Federal statutory rate to pre-tax income, with federal income tax expense presented in the financial statements is as follows:

| | 2004 | 2003 |
|---|---|---|
| Income tax benefit computed at U.S. federal statutory rate (34%) | $ 350,000 | $ 135,000 |
| State income taxes, net of benefit federal taxes | 63,000 | 23,000 |
| Other | (73,000) | -- |
| Less valuation allowance | (340,000) | (158,000) |
| Income tax expense | $ -- | $ -- |

The deferred income tax benefit at June 30, 2004, and 2003 and reflects the impact of temporary differences between the amounts of assets and liabilities recorded for financial reporting purposes and such amounts as measured in accordance with tax laws. The items, which comprise a significant portion of, deferred tax assets and liabilities are approximately as follows:

| | 2004 | 2003 |
|---|---|---|
| Depreciation | $ 56,000 | $ 59,000 |
| Net operating loss carryforwards | 2,148,000 | 1,770,000 |
| Officer salaries payable | 96,000 | 131,000 |
| | 2,300,000 | 1,960,000 |
| Less: valuation allowance | (2,300,000) | (1,960,000) |

| | | |
|---|---|---|
| Deferred income tax asset | $ -- | $ -- |

6. RECAPITALIZATION

On April 8, 2003, Warp 9, Inc. consummated a transaction, pursuant to which shareholders of Warp 9 Inc. exchanged their shares for shares in Roaming Messenger, Inc., with Warp 9, Inc. surviving as a wholly-owned subsidiary of Roaming Messenger, Inc. This transaction was recorded as a recapitalization followed by the issuance of shares by Warp 9, Inc. to the shareholders of Roaming Messenger, Inc. Prior to the recapitalization transaction, Roaming Messenger, Inc. was not an operating company, and its assets consisted principally of cash of approximately $100,000, offset by the same amount of liabilities. Under the terms of the transaction, Roaming Messenger, Inc. issued 131,026,173 shares of Roaming Messenger, Inc. common stock to the former shareholders of Warp 9, Inc. in exchange for all the outstanding shares of Warp 9, Inc. (12.5 shares of Roaming Messenger, Inc. for every share of Warp 9, Inc.). The transaction was consummated in two phases with the first issuance of 122,620,910 shares on April 8, 2003, and 8,405,263 shares on June 30, 2003.



6. RECAPITALIZATION (Continued)

After the recapitalization, options granted under the Warp 9 Inc. Employee Stock option plan were cancelled and new options were issued under a new Roaming Messenger Inc. Employee Stock Option Plan (effective July 10, 2003) to employees in amounts consistent with their Warp 9 options. The Roaming Messenger options have the same aggregate exercise price as the Warp 9 options. Most stock options became fully vested on grant date, while others mirrored the same vesting periods as the Warp 9 Inc. options. The Roaming Messenger Inc. stock options are presented at June 30, 2003 even though the effective date was July 10, 2003.

7. SHAREHOLDERS' DEFICIT

The number of shares of common stock of Warp 9, Inc. was retroactively restated to present the number of shares after their conversion into Roaming Messenger common stock in the recapitalization transaction. For all such restatements, a conversion rate of 12.5 shares of Roaming Messenger, Inc. common stock for every share of Warp 9, Inc. common stock was used.

From the date of the recapitalization, April 8, 2003 through June 30, 2003, Roaming Messenger, Inc. issued 1,079,263 shares of common stock for a total cash consideration of $86,341. 1,202,500 shares of common stock were also issued for $96,200 of services. These consulting services extended beyond June 30, 2003, therefore $67,683 and $28,517 were recorded as expense for the years ended June 30, 2003, and 2004, respectively.

For the fiscal year ended, June 30, 2004, the Company issued 23,807,579 shares of restricted common stock for a total cash consideration of $2,485,324 as a result of a series of private offerings of common stock ranging from $0.08 per share to $0.50 per share as well as stock options and warrants exercises. 680,000 shares of restricted common stock were also issued for $54,400 of services.

The common stock of Roaming Messenger, Inc. has a par value of $0.001, and 200,000,000 shares are authorized to be issued. The Company is also authorized to issue 2,000,000 shares of preferred stock with a par value of $0.001. The rights, preferences and privileges of the holders of the preferred stock will be determined by the Board of Directors prior to issuance of such shares.

At June 30, 2004, 25,000,000 shares of common stock were reserved for the issuance of common stock pursuant to the Stock Option Plan, and 300,000 were reserved for the issuance of common stock pursuant to outstanding warrants. Warp 9, Inc, had 77,213 outstanding warrants at June 30, 2004.

8. STOCK OPTIONS AND WARRANTS

Warp 9, Inc. had a Stock Option Plan that provided for the granting of stock options to its employees and others providing services to the Company. Options granted under the Plan could be either Incentive Options or Nonqualified Options, and were administered by the Company's Board of Directors. Each options were exercisable in full or in installment and at such time as designated by the Board. Notwithstanding any other provision of the Plan or of any Option agreement, each option were to expire on the date specified in the Option agreement, which date were to be no later than the tenth anniversary of the date on which the Option was granted (fifth anniversary in the case of an Incentive Option granted to a greater-than-10% stockholder). The purchase price per share of the Common Stock under each Incentive Option were to be no less than the Fair Market Value of the Common Stock on the date the Option was granted (110% of the Fair Market Value in the case of a greater-than-10% stockholder).

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

8. STOCK OPTIONS AND WARRANTS (Continued)

The purchase price per share of the Common Stock under each Nonqualified Option were to be specified by the Board at the time the Option was granted, and could be less than, equal to or greater than the Fair Market Value of the shares of Common Stock on the date such Nonqualified Option was granted, but were to be no less than the par value of shares of Common Stock. The plan provided specific language as to the termination of options granted hereunder.

In July 10, 2003, the Warp 9, Inc. Stock Option Plan was terminated, and the Company adopted the Roaming Messenger, Inc. Stock Option Plan for Directors, Executive Officers, and Employees of and Key Consultants to Roaming Messenger, Inc. This Plan, under which 25,000,000 shares of common stock may be issued, has essentially the same terms and conditions as the Warp 9, Inc. Stock Option Plan

Former holders of employee stock options in the Warp 9 Inc. Stock Option Plan were granted new options under the Roaming Messenger, Inc. Plan. Most options became fully vested at grant date, while others mirrored the same vesting periods as the Warp 9 Inc. options. The Roaming Messenger options have the same aggregate exercise price as the Warp 9 Inc. options, using a 12.5 conversation rate. The number of stock options below in the summary of stock option activities has been retroactively restated to reflect the 12.5 conversation rate.

SFAS 123, Accounting for Stock-Based Compensation, requires pro forma information regarding net income (loss) using compensation that would have been incurred if the Company had accounted for its employee stock options under the fair value method of that statement. Options to purchase 2,478,494 shares of Roaming Messenger, Inc. were granted during the year ended June 30, 2004. The fair value of options granted during the years ended June 30, 2004 and 2003, which have been estimated at $159,000 and $6,000, respectively, at the date of grant were determined using the Black-Scholes Option pricing model with the following assumptions:

| | 2004 | 2003 |
|---|---|---|
| Risk free interest rate | 2.79%-3.27% | 2.40% |
| Stock volatility factor | 0.01 | 0.01 |
| Weighted average expected option life | 4 years | 4 years |
| Expected dividend yield | None | None |

The pro forma net loss and loss per share had the Company accounted for the options using FAS 123 would have been as follows:

| | 2004 | 2003 |
|---|---|---|
| Net loss as reported | $(1,035,945) | $ (424,047) |
| Basic and diluted net loss per share as reported | (0.01) | (0.00) |
| Add: Stock-based employee compensation expense included in net reported loss | 50,000 | -- |
| Deduct: Stock based employee compensation expense determined under fair value based method for all awards | (134,000) | (6,000) |
| Pro forma net loss | $(1,119,945) | $ (430,047) |
| Basic and diluted pro forma loss per share | $ (0.01) | $ (0.00) |

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

8. STOCK OPTIONS AND WARRANTS (Continued)

A summary of the Company's stock option activity and related information follows:

| | Year ended June 30, 2004 Options | Year ended June 30, 2004 Weighted average exercise price | Year ended June 30, 2003 Options | Year ended June 30, 2003 Weighted average exercise price |
|---|---|---|---|---|
| Outstanding -beginning of year | 8,444,000 | $ 0.08 | 7,932,812 | $ 0.08 |
| Granted | 2,478,494 | 0.18 | 675,000 | 0.08 |
| Exercised | 2,500,000 | 0.08 | -- | -- |
| Forfeited | 125,000 | 0.08 | (163,812) | 0.08 |
| Outstanding - end of year | 8,297,494 | $ 0.11 | 8,444,000 | $ 0.08 |
| Exercisable at the end of year | 5,720,935 | $ 0.09 | 5,824,469 | $ 0.08 |
| Fair value of options granted during the year | | $ 159,000 | | $ 6,000 |

The weighted average remaining contractual life of options as of June 30, 2004 was as follows:

| Exercise prices | Number of options outstanding | Average remaining contractual life (years) |
|---|---|---|
| $ 0.08 | 7,347,494 | 4.5 |
| 0.35 | 950,000 | 3.7 |
| $ 0.11 | 8,297,494 | 4.4 |

Stock Warrants

During the year ended June 30, 2004, Roaming Messenger, Inc. issued warrants to purchase shares of common stock of Roaming Messenger, Inc. These warrants became exercisable on their grant date. Warrants were granted as follows:

| | | | |
|---|---|---|---|
| July 15, 2003 | 100,000 | December 31, 2004 | $ 1.00 |
| July 15, 2003 | 100,000 | December 31, 2004 | $ 1.75 |
| July 15, 2003 | 100,000 | December 31, 2004 | $ 3.00 |
| January 15, 2004 | 600,000 | December 31, 2005 | $ 0.08 |

| | |
|---|---|
| Total Granted | 900,000 |

During the year ended June 30, 2004, the warrants to purchase 600,000 shares of common stock at $0.08 were exercised. The value of these warrants was immaterial at their grant date.

At June 30, 2004, warrants to purchase 300,000 shares were outstanding.

ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

8. STOCK OPTIONS AND WARRANTS (Continued)

During the year ended June 30, 2003, Warp 9 Inc. has issued warrants to purchase 128,771 shares of Warp 9 Inc. common stock for services. These warrants were valued at $20,000. During the year ended June 30, 2004, Warp 9 Inc. cancelled 76,750 warrants, resulting in 77,213 total outstanding warrants.

The following Warp 9 Inc. warrants, which are exercisable, were outstanding at June 30, 2004:

| Number of shares | Exercise Price | Expiration date |
|---|---|---|
| 25,192 | $ 1.00 per share | December 31, 2005 |
| 52,021 | $ 1.00 per share | June 30, 2007-October 31, 2007 |

These warrants became exercisable on their grant date. In previously issued financial statements, the Warp 9 Inc. warrants were mistakenly presented as if they had been converted into Roaming Messenger, Inc. warrants. The above warrants have been restated so they are presented as Warp 9, Inc. warrants.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

The following is a schedule, by years, of future minimum rental payments required under operating leases for the facilities and equipment. The lease for one of the facilities expires in 2007, and has 3 options to renew for each an additional period of one year. The following is a schedule of minimum lease payments for the next five years.

| Year Ending June 30, | |
|---|---|
| 2005 | $ 173,000 |

| | |
|---|---|
| 2006 | $ 190,000 |
| 2007 | $ 144,000 |
| 2008 | $ 95,000 |
| 2009 | $ 95,000 |

Total lease expense for the years ended June 30, 2004 and 2003 was $120,832 and $121,562, respectively. The Company is also required to pay its pro rata share of taxes, building maintenance costs, and insurance.

Loan Default

The note payable has a default clause that allows the lender to assess late payment charges in the amount of 10% of the delinquency. The delinquent charges assessed to approximately $15,000 were in dispute, and have not been accrued by the Company.

Legal Matters

The Company is involved in certain legal actions and claims arising in the ordinary course of business. It is the opinion of management, based on advice of legal counsel, that such litigation and claims will be resolved without a material effect on the Company's financial position.

10. CONCENTRATIONS

For the year ended June 30, 2004, the Company had two customers who represented approximately 30% of total revenue. For the year ended June 30, 2003, the Company had two customers who represented approximately 28% of total revenue.

Accounts receivable from two customers represented approximately 55% of total accounts receivable at June 30, 2004. Accounts receivable from three customers represented approximately 51% of total accounts receivable at June 30, 2003.

The Company has a concentration of credit risk for cash by maintaining deposits with banks, which may at a time exceed insured amounts. At June 30, 2004, the Company had $1,240,000 exceeding the amount insured by the U.S. Federal Deposit Insurance Corporation (FDIC).

11. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2003, the Company issued 302,500 shares of common stock to Mr. Tom Djokorvich for a twelve-month contract to serve on the Company's Board of Directors. $10,939 and $13,261 were recognized as expense for the years ended June 30, 2003 and 2004, respectively.

12. SUBSEQUENT EVENTS

The Company intends to raise additional working capital by selling securities through Private Placements pursuant to Regulation D and Regulation S of the Securities Act of 1993. As of the date of this report, the Company does not have any concurrent offerings. However, the Company has entered into a Regulation S transaction with an offshore investment fund (the "Fund") that is contingent upon the Fund being publicly traded on the London Stock Exchange. The chance of actual closing is uncertain as of the date of this report.

The Company has entered in to a new lease for 8,506 sq ft office space. The Company intends to sublease its current office space.

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

None

ITEM 8A. CONTROLS AND PROCEDURES

The Company's Chairman, Chief Executive Officer, and Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report and, based on this evaluation, has concluded that the disclosure controls and procedures are effective.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

None

PART III

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

The following table lists the executive officers and directors of the Company as of August 31, 2004:

| Name | Age | Position |
|---|---|---|
| Jonathan Lei | 32 | Chief Executive Officer, President, Chief Financial Officer, Secretary, and Chairman |
| Brian Fox | 44 | Chief Technology Officer |
| Bryan Crane | 45 | Vice President of Corporate Development |
| Harinder Dhillon | 31 | Vice President of Operations |
| Louie Ucciferri | 44 | Director |
| Tom Djokovich (1) | 47 | Director |

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(1) Member of Audit Committee.

Jonathan Lei has been the Chairman of the Board of Directors, Chief Executive Officer, President, Chief Financial Officer, and Secretary of the Company since April 2003. Mr. Lei received a Bachelor Degree in Electrical and Computer Engineering from the University of California, Santa Barbara ("UCSB") in 1995 and a Master of Science Degree in Electrical and Computer Engineering from UCSB in 1996. While at UCSB, he studied and worked in the field of computer aided design and development of VLSI and ASIC silicon chips. Mr. Lei was employed by Lockheed Martin in 1993 where he built data acquisition systems for spacecraft testing. In 1995, he worked for Intel Corporation where he developed the Triton II Pentium PCI chipset. From 1995 to 1996, Mr. Lei worked for RC Electronics where he designed PCI based data acquisition systems. Mr. Lei founded Warp 9, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Warp"), in 1996 and in 1998, he negotiated a transaction to sell Warp's consumer ISP division, Sbnet, to MindSpring Enterprises. During that same period, Mr. Lei co-developed Warp's e-commerce products. He is the visionary behind the patent pending eCapsule technology and the Company's mobile data direction. Mr. Lei was an officer and is a lifetime member of Tau Beta Pi, a national engineering honor society.

Brian Fox has been the Chief Technology Officer of the Company since April 2003. From 1985 to 1988, Mr. Fox worked for the Massachusetts Institute of Technology as a research software engineer. From 1988 to 1990, he worked at the University of California at Santa Barbara as a research software engineer. From 1998 to 2000, Mr. Fox served as the co-founder and Chief Technology Officer of Supply Solution, Inc., a venture capital backed privately held company engaged in the business of automotive supply chain management. At Supply Solution, Inc., Mr. Fox developed the company's flagship product, iSupply, a web based software for vendor managed inventory tracking. In 1995, prior to co-founding Supply Solution, Inc. he founded Universal Access, Inc., where he developed the programming language Meta-HTML. Mr. Fox was the second employee at the Free Software Foundation (Project GNU). Mr. Fox is the author of BASH, the UNIX shell, which is widely utilized in modern versions of UNIX.

Bryan Crane has been the Vice President of Corporate Development of the Company since October 2002. Mr. Crane has spent the last several years in the investor relations field, working with micro-cap and small-cap public companies. Prior to joining Roaming Messenger, from 1995 to 2002, he worked for Muir, Crane & Co., a partnership he co-founded and in which he still maintains an ownership interest. From 1994 to 1995, Mr. Crane was a Managing Director of Johnson & Co. For most of his career, Mr. Crane held positions in portfolio management from retail investments at Prudential-Bache Securities to Vice President of Investments at A.G. Edwards & Son, where, as a member of the Presidents Council, he managed debt and equity portfolios for institutional clients. Mr. Crane earned his dual degree in Political Science and International Economics from San Diego State University. He is a member of the San Diego Stock Bond Association and the Los Angeles Chapter of the National Investor Relations Institute (NIRI).

Harinder Dhillon has been our Vice President of Operations since October 2001. Mr. Dhillon joined us in July 2000. Prior to joining us, from 1993 to1998, Mr. Dhillon served as the Chief Information Officer of Informax Data Systems, an enterprise systems integrator headquartered in Southern California. Thereafter, during 1999 until he joined us, he worked as an independent technology consultant. He has designed, managed, and led the development and deployment of multi-million dollar enterprise Internet, Intranet and integration projects for Fortune 500 companies and various government units. His client list included Department of Justice, Immigration and Naturalization Services, US Navy, US Air Force, and the City of Los Angeles. His projects included enterprise work flow automation, real-time field services, infrastructure build out, and network and systems integration. Mr. Dhillon received a Bachelor degree in Electrical and Computer Engineering from the University of California at Santa Barbara in 1996.

Louie Ucciferri is the founder and President of Westlake Financial Architects, an investment-banking firm formed in 1995 to provide financial and investment advisory services to early stage companies. He has raised investment capital for both private and public companies and has created liquidity for investors in the form of public offerings. Since November 1998, he has also served as President of Camden Financial Services, a NASD registered broker dealer that serves as the dealer manager for a real estate company that has raised in excess of $150 million in equity capital for the acquisition of commercial office properties in southern California and Arizona.

Tom Djokovich is the Chief Executive Officer of XsunX, Inc., a position he has held since 2004. From 2003 until 2004, he was an independent technology consultant. Prior thereto, he was the founder and served from 1995 to 2002 as the Chief Executive Officer of Accesspoint Corporation, a vertically integrated provider of electronic transaction processing and e-business solutions for merchants. Under Mr. Djokovich's guidance, Accesspoint became a member of the Visa/MasterCard association, the national check processing association NACHA, and developed one of the payment industry's most diverse set of network based transaction processing, business management and CRM systems for both Internet and conventional points of sale. During his tenure, Accesspoint became an early adopter of WAP based e-commerce capabilities and the industry's first certified Level 1 Internet payment processing engine. In his last year as executive manager, Accesspoint grew its processing revenues by over 800% and overall revenues by nearly 300%. Prior to Accesspoint, Mr. Djokovich founded TMD Construction and Development where he developed an early business-to-business ordering system for the construction industry

Under the Nevada General Corporation Law and the Company's Articles of Incorporation, as amended, the Company's directors will have no personal liability to the Company or its stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his "duty of care". This provision does not apply to the directors' (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director, (iii) approval of any transaction from which a director derives an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or its shareholders, (v) acts or omissions that constituted an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders, or (vi) approval of an unlawful dividend, distribution, stock repurchase or redemption. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Board Committees

The Board of Directors has appointed an Audit Committee. As of August 31, 2004, the sole member of the Audit Committee is Tom Djokovich. Mr. Djokovich is considered independent as defined in Rule 4200 of the National Association of Securities Dealers' listing standards because he is not employed by the Company, does not participate in the day-to-day management of the Company, and does not receive a salary or other employment benefits from the Company. The Board of Directors has adopted a written charter of the audit committee. The Audit Committee is authorized by the Board of Directors to review, with the Company's independent accountants, the annual financial statements of the Company prior to publication, and to review the work of, and approve non-audit services preformed by, such independent accountants. The Audit Committee will make annual recommendations to the Board for the appointment of independent public accountants for the ensuing year. The Audit Committee will also review the effectiveness of the financial and accounting functions and the organization, operations and management of the Company. The Audit Committee was formed on April 19, 2003. The Audit Committee held four meetings during fiscal year ended June 30, 2004. As of August 31, 2004, the Company has not yet appointed a Compensation Committee.

Auditor Independence

General. Rose Snyder & Jacobs, CPAs ("RSJ") is the Company's principal auditing accountant firm. RSJ has also provided other non-audit services to the Company. The Audit Committee of the Company's Board of Directors has considered whether the provisions of non-audit services is compatible with maintaining RSJ's independence.

Audit Fees. RSJ billed the Company $25,400 for the following professional services: audit of the annual financial statement of the Company for the fiscal year ended June 30, 2003, and review of the interim financial statements included in quarterly reports on Form 10-QSB for the periods ended September 30, 2003, December 31, 2003, and March 31, 2004.

All Other Fees. RSJ billed the Company $3,850 for other services for the fiscal year ended June 30, 2004.

Report of the Audit Committee

The Company's Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended June 30, 2004 with senior management. The Audit Committee has reviewed and discussed with management the Company's audited financial statements. The Audit Committee has also discussed with RSJ, the Company's independent auditors, the matters required to be discussed by the statement on Auditing Standards No. 61 (Communication with Audit Committees) and received the written disclosures and the letter from RSJ required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees). The Audit Committee has discussed with RSJ the independence of RSJ as auditors of the Company. Finally, the Audit Committee has considered whether the independent auditors provision of non-audit services to the Company is compatible with the auditors' independence. Based on the foregoing, the Company's Audit Committee has recommended to the Board of Directors that the audited financial statements of the Company be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004 for filing with the United States Securities and Exchange Commission. The Audit Committee also approved RSJ's engagement to prepare the Company's consolidated tax returns for its fiscal year ending June 30, 2004. The Company's Audit Committee did not submit a formal report regarding its findings.

AUDIT COMMITTEE

Tom Djokovich

Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the United States Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate this report in future filings with the Securities and Exchange Commission, in whole or in part, the foregoing report shall not be deemed to be incorporated by reference into any such filing.

Compliance with Section 16(A) of Exchange Act

Section 16(a) of the Exchange Act requires the Company's officers and directors, and certain persons who own more than 10% of a registered class of the Company's equity securities (collectively, "Reporting Persons"), to file reports of ownership and changes in ownership ("Section 16 Reports") with the Securities and Exchange Commission (the "SEC"). Reporting Persons are required by the SEC to furnish the Company with copies of all Section 16 Reports they file.

Based solely on its review of the copies of such Section 16 Reports received by it, or written representations received from certain Reporting Persons, all Section 16(a) filing requirements applicable to the Company's Reporting Persons during and with respect to the fiscal year ended June 30, 2004 have been complied with on a timely basis.

ITEM 10. EXECUTIVE COMPENSATION

Director Compensation

Directors receive no cash compensation for their services to the Company as directors, but are reimbursed for expenses actually incurred in connection with attending meetings of the Board of Directors.

Executive Officer Compensation

The following table and notes set forth the annual cash compensation paid to officers of the Company.

| | | Annual Compensation | | | Long-Term Compensation Awards |
|---|---|---|---|---|---|
| Name and Principal Position | Fiscal Year | Salary | Bonus | Other Annual Compensation | Securities Underlying Options |
| Jonathan Lei.............. | 2004 | $138,000 | - 0 - | - 0 - | -0- |
| President, Chief Financial | 2003 | $138,000 | - 0 - | - 0 - | -0- |
| Officer, and Secretary | 2002 | $138,000 | - 0 - | - 0 - | -0- |
| Brian Fox................. | 2004 | $145,000(1) | - 0 - | - 0 - | - 0 - |
| Chief Technology Officer | 2003 | $145,000 | - 0 - | - 0 - | 5,987,500(2) |
| | 2002 | $145,000 | - 0 - | - 0 - | -0- |
| Harinder Dhillon........... | 2004 | $125,000 | $8,714 | - 0 - | -0- |
| VP of Operations | 2003 | $105,000 | - 0 - | - 0 - | 1,875,000 (3) |
| | 2002 | $95,000 | - 0 - | - 0 - | -0- |
| Bryan Crane................ | 2004 | $84,000 | - 0 - | | 878,494 (4) |
| VP of Corporate Development | 2003 | $84,000 | - 0 - | | 700,000 (4) |

(1) The Company has an at-will employment agreement with Mr. Fox providing that upon a termination of his employment by the Company without cause and only after $5,000,000 of venture or institutional capital has been raised, Mr. Fox would be entitled to severance pay and continuing health insurance for six months after termination, and vesting of those of his unvested stock options that would vest during that six month period.

(2) Consists of options granted under the Company's 2003 Stock Option Plan on July 15, 2003. These stock options vest pursuant to the following vesting schedule: 3,367,969 on July 15, 2003, then 1/21 per month until all stock options have vested. Does not include 5,987,500 options to purchase 5,987,500 shares of the Company's common stock from Jonathan Lei, the President, Chief Financial Officer, Secretary, and Chairman of the Company, for a purchase price of $0.08 per share (the "Lei Options").

(3) Consists of options granted under the Company's 2003 Stock Option Plan on July 15, 2003. These stock options are fully vested at the time of grant. Options are to purchase unregistered common stock at an exercise price equal to the fair market value of unregistered common stock at the time of grant, which was $0.08 per share for these stock options.

(4) 878,494 options were granted under the Company's 2003 Stock Option Plan on July 15, 2003. These stock options were fully vested at time of grant. Options are to purchase unregistered common stock at an exercise price equal to the fair market value of unregistered common stock at the time grant, which was $0.08 per share for these stock options. On May 20, 2003, 700,000 shares of unregistered common stock were issued to Mr. Crane in lieu of cash payment for salaries accrued to that point. A total amount of $29,000 of cash bonus was given to Mr. Crane, during the fiscal year ending June 30, 2004, for achieving certain milestones in managing the Company's investment capital efforts.

Options Granted in Last Fiscal Year

The following table sets forth information with respect to options to purchase common stock of the Company granted to the Company's officers during fiscal year 2004.

A
P

| Name | Options Granted | Percent of Total Options Granted to Employees in Fiscal Year | Exercise Price per Share | Expiration Date |
|---|---|---|---|---|
| Brian Fox.............. Chief Technology Officer | 5,987,500 | 54% | $0.08 | Four years from the date of vesting |
| Bryan Crane........... | 878,494 (1)(2) | 8% | $0.08 | Four years from the |

| | | | | |
|---|---|---|---|---|
| VP of Corporate Development | | | | date of grant |
| Harinder Dhillon..... VP of Operations | 1,875,000 (1)(2) | 17% | $0.08 | Four years from the date of grant |

(1) These stock options are fully vested at the time of grant.

(2) Some or all of these options have been exercised. See Fiscal Year-End Option Exercises and Option Values.

Fiscal Year-End Option Exercises and Option Values

The following table sets forth information with respect to options to purchase common stock of the Company held by the Company's executive officers at August 31, 2004.

| | | | Number of Unexercised Options Held at August 31, 2004 | | |
|---|---|---|---|---|---|
| Name | Shares Acquired Upon Exercise | Value Realized(1) | Exercisable | Unexercisable | Ex |
| Brian Fox............. Chief Technology Officer | -0- | -0- | 4,740,109 | 1,247,391 | |
| Bryan Crane........... VP of Corporate Development | 525,000 | $687,750 | 253,494 | -0- | |
| Harinder Dhillon...... VP of Operations | 1,875,000 | $1,912,500 | -0- | -0- | |

(1) The value realized is the difference between the market price of the common stock on the date of exercise and the exercise price of the stock option. The underlying securities held upon exercise are unregistered common stock.

(2) The value of unexercised "in-the-money" options is the difference between the market price of the common stock on August 31, 2004 ($0.18 per share) and the exercise price of the option, multiplied by the number of shares subject to the option. The underlying securities held upon exercise are unregistered common stock.

Employment Agreements

The Company has not entered into any employment agreements with its executive officers to date, other than the at-will employment agreement with Brian Fox as described in footnote one under "EXECUTIVE COMPENSATION-Executive Officer Compensation." The Company may enter into employment agreements with them in the future.

Stock Option Plan

On July 10, 2003, the Board of Directors of the Company adopted the 2003 Stock Option Plan for Directors, Executive Officers, Employees and Key Consultants of the Company (the "2003 Plan"). The 2003 Plan was ratified by the shareholders of the Company by written consent effective August 25, 2003. The 2003 Plan authorizes the issuance of up to 25,000,000 shares of the Company's common stock pursuant to the grant and exercise of up to 25,000,000 stock options. To date, 10,922,494 options to purchase 10,922,494 shares of common stock at an exercise price ranging from $0.08 to $0.35 per share have been granted under the 2003 Plan. To date, 2,500,000 options have been exercised and 125,000 options have been forfeited.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the names the executive officers and directors of the Company and all persons known by the Company to beneficially own 5% of more of the issued and outstanding common stock of the Company.

| Name, Title, and Address | Number of Shares Beneficially Owned(1) | Perc Owne |
|---|---|---|
| Jonathan Lei<br>President, Chief Financial Officer,<br>Secretary, and Chairman.................... | 95,639,025 (2) | 55.4 |
| Brian Fox<br>Chief Technology Officer................... | 68,000 | 0.0 |
| Bryan Crane<br>VP of Corporate Development................ | 1,231,500 | 0.7 |
| Harinder Dhillon<br>VP of Operations........................... | 2,935,000 | 1.7 |
| Louie Ucciferri<br>Director................................... | 3,750,000 | 2.1 |
| Tom Djokovich<br>Director................................... | 302,500 | 0.1 |
| All current Executive Officers as a Group... | 100,322,025 | 58. |
| All current Directors who are not Executive Officers as a Group..................... | 4,052,500 | 2. |

(1) Except as pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned. The total number of issued and outstanding shares and the total number of shares owned by each person does not include unexercised warrants and stock options, and is calculated as of August 31, 2004.

(2) Includes 5,987,500 shares of common stock which Mr. Lei has set aside in the event Brian Fox, the Chief Technology Officer of the Company, exercises his

option to purchase such shares for a purchase price of $0.08 per share (the "Lei Options"). As of August 31, 2004, all Lei Options are vested.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

| EXHIBIT NO. | DESCRIPTION |
|---|---|
| 3.1 | Articles of Incorporation (1) |
| 3.2 | Bylaws (1) |
| 4.1 | Specimen Certificate for Common Stock (1) |
| 4.2 | Non-Qualified Employee Stock Option Plan (2) |
| 10.1 | First Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (3) |
| 10.2 | Second Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (4) |
| 10.3 | Exchange Agreement and Representations for shareholders of Warp 9, Inc.(3) |
| 31.1 | Section 302 Certification |
| 32.1 | Section 906 Certification |

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(1) Incorporated by reference from the exhibits included with the Company's prior Report on Form 10-KSB filed with the Securities and Exchange Commission, dated March 31, 2003.

(2) Incorporated by reference from the exhibits included in the Company's Information Statement filed with the Securities and Exchange Commission, dated August 1, 2003.

(3) Incorporated by reference from the exhibits included with the Company's prior Report on Form SC 14F1 filed with the Securities and Exchange Commission, dated April 8, 2003.

(4) Incorporated by reference from the exhibits included with the Company's prior Report on Form 8K filed with the Securities and Exchange Commission, dated May 30, 2003.

(b) The following is a list of Current Reports on Form 8-K filed by the Company during and subsequent to the last quarter of the fiscal year ended June 30, 2004.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Rose Snyder & Jacobs, CPAs ("RSJ") is the Company's principal auditing accountant firm. RSJ has also provided other non-audit services to the Company. The Audit Committee approved the engagement of RSJ before RSJ rendered audit and non-audit services to the Company.

Audit Fees

RSJ billed the Company $25,400, during the fiscal year ended June 30, 2004, for the following professional services: audit of the annual financial statement of the Company for the fiscal year ended June 30, 2003, and review of the interim financial statements included in quarterly reports on Form 10-QSB for the periods ended September 30, 2003, December 31, 2003, and March 31, 2004.

Tax Fees

RSJ has not yet provided tax return preparation services for the Company for the fiscal year ended June 30, 2004, and therefore has not billed the Company for those services.

All Other Fees

RSJ billed the Company $3,850 for other services, including preparation of the tax returns for the Company for 2003, during the fiscal year ended June 30, 2004.

SIGNATURES

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

Dated: August 9, 2005

ROAMING MESSENGER, INC.

By: \s\ Jonathan Lei

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Jonathan Lei, Chairman of the Board, Chief Executive Officer, President Chief Financial Officer, and Secretary

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

| Signature | Title |
|---|---|
| \s\ Jonathan Lei<br>---------------------------------------<br>Jonathan Lei | Chief Executive Officer, President, Chief Financial Officer, Secretary, and Chairman |
| \s\ Louie Ucciferri<br>---------------------------------------<br>Louie Ucciferri | Director |

| | |
|---|---|
| \s\ Tom Djokovich | Director |
| -------------------------------------- | |
| Tom Djokovich | |