INTERNET BUSINESS INTERNATIONAL INC
Form 10QSB
November 14, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB

(MARK ONE)[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ______________ TO ______________

COMMISSION FILE NUMBER: 0-20259

INTERNET BUSINESS'S INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Nevada	33-0845463
(State or jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2250 East Tropicana, Suite 19-309, Las Vegas, Nevada	89119
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (775) 588-2387

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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

As of September 30, 2003, the Registrant had 312,273,603 shares of common stock issued and outstanding.

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REPORT ON REVIEW BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Internet Business's International, Inc.
Las Vegas, Nevada

We have reviewed the accompanying balance sheet of Internet Business's International, Inc. as of September 30, 2003 and the related statements of operations for the three month period ended September 30, 2003 and 2002, and the cash flows for the three months ended September 30, 2003 and 2002 included in the accompanying Securities and Exchange Commission Form 10-QSB for the period ended September 30, 2003. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the balance sheet as of June 30, 2003, and the related statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein). In our previous report, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of September 30, 2003 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

/s/ Henry Schiffer
Henry Schiffer
Dated: November 13, 2003

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PART I.
ITEM 1. FINANCAL STATEMENTS.

INTERNET BUSINESS'S INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

SEPTEMBER 30,	JUNE 30, 2003	
ASSETS		
Cash and cash equivalents	$ 195	$
Accounts receivable, net	0	
Inventories	0	
Prepaid expenses and other	0	
Total current assets	0	
Property and equipment, net	687,707	
Intangible assets, net	284,311	
Investment in unconsolidated company	1,024,068	
Total Other Assets	1,996,086	

Total Assets	$ 1,996,281	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 403,821	$
Accrued liabilities	783,370	
Current portion of long-term debt	214,594	
Total current liabilities	1,401,785	
Long-term debt	2,076,469	
Total Liabilities	3,478,254	
Stockholders' equity:		
Preferred stock, par value $100.00 per share; 1,000,000 shares authorized; 0. . and 0 issued and outstanding at Sept30, 2003 and June 30, 2003, respectively.	0	
Common stock, par value $0.001 per share; 2,000,000,000 shares authorized; As of September 30,2003 and June 30, 2003 shares issued and outstanding were 312,273,603 and 178,273,603 respectively	312,274	
Additional paid-in capital	6,918,576	
Accumulated deficit	(8,712,823)	(
Total stockholders' equity	(1,481,973)	
Total liabilities and stockholders' equity	$ 1,996,281	$

The accompanying notes are an integral part of these financial statements

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INTERNET BUSINESS'S INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED	
	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
Revenues	$ 0	$ 288,337
Cost and expenses:		
Cost of revenues	0	0
Selling, general and administration.	275,578	754,287
Depreciation and amortization	378,817	428,491
Total costs and expenses	654,395	1,182,778

(Loss) income from operations	(654,395)	(894,441)
Other income (expense):		
Other income or (expense)	118,405	0
Interest income	0	0
Other expenses	(1,449,236)	0
Total other income, net	(1,330,831)	0
Net (loss) income	$ (1,985,226)	$ (894,441)
Net loss (income) per common	($.0009)	Nil
Weighted average number of common shares outstanding	224,940,603	36,606,935

The accompanying notes are an integral part of these financial statements

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INTERNET BUSINESS'S INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended	
	September 30, 2003	September 30, 2002
Cash Flows From Operating Activities:		
Net (loss) income	$ (1,985,226)	$ (894,441)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	378,817	428,491
Reserve for loss on notes receivable	0	0
Reserve for loss on mortgage loans receivable	0	0
Gain on sale of equity investment	0	0
Changes in operating assets and liabilities:		
Accounts receivable	0	(20,830)
Inventories	0	(40,347)
Mortgage loans receivable net	0	0
Prepaid expenses and other	0	0
Accounts payable	403,821	535,311
Accrued liabilities	783,370	151,821
Deferred revenues	0	(38,859)
Other current liabilities	0	0
Net cash (used in) provided by operating activities	(419,218)	121,146

Cash Flows From Investing Activities:		
Purchases of property and equipment.	0	0
Investment in intangible assets.	0	0
Proceeds net from sale of equipment.	118,405	(138,664)
Investments notes or stocks.	0	0
Net cash used in investing activities.	118,405	(138,664)
Cash Flows From Financing Activities:		
Net repayments/borrowed from line of credits . . .	0	0
Net repayment/borrowed of long-term debt	165,619	0
Issuance of common stock.	134,000	10,000
Net cash (used in) provided by financing activities	362,355	10,000
Net decrease in cash.	(1,194)	(7,518)
Cash, beginning of period	1,389	60,315
Cash, end of period	$ 195	$ $52,797

The accompanying notes are an integral part of these financial statements

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INTERNET BUSINESS'S INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS AND CHANGE IN CONTROL

Prior to December 31, 1997, Internet Business's International, Inc. (the "Company") was in the food product manufacturing business formerly known as "International Food and Beverage, Inc.". In November 1998, new stockholders bought majority control from the previous Chief Executive Officer through a private transaction. Immediately thereafter, the former CEO resigned and the new stockholders assumed the executive management positions. In December 31, 1998, after new management was in place, a decision was made to change the Company's principal line of business from a manufacturing business to a high technology company. In connection with the change in business, the Company changed its name from International Food & Beverage, Inc. to Internet Business's International, Inc., and reincorporated the Company on December 8, 1998 in the state of Nevada. The Company, after January 1, 1999 began plans to offer Internet based e-commerce services. In April of 1999, the Company announce it's first e-commerce site and was engaged in the development, operation and marketing of a number of commercial The Company had two reporting divisions made up of subsidiaries which were; wireless high speed Internet access in Las Vegas, Nevada and Woodland, California, and direct Marketing until the end of June 2003 at which time all operations ceased. The Company had three division to fiscal year end of June 2002 which were as follows: Lending on Line (which includes real estate loans and equipment leasing), this division ceased operations in

June of 2002, Internet Service Provider (which includes a national Internet access dial-up service, wireless high speed Internet access in Las Vegas, Nevada and Woodland, California, and Internet web design and hosting), and Direct Marketing.

By the end of the fiscal year ended June 30, 2003 the company ceased operations.

The Company has one office in the US and less then 5 employees.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Significant intercompany balances and transactions are eliminated in consolidation. Affiliated companies in which the Company does not have a controlling interest are accounted for using the equity method.

The Company's consolidated financials included Global GPP subsidiary that the Company owned 80% of, during the time it operated. From March of 2000 to March of 2001, at which time Global GPP ceased operations. The financial information were included in the E Commerce section, of the Companies financials, until the

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sale of Ace Optics in the fourth quarter of this fiscal year ended June 30, 2002, and that information was then included in the "Other Income" along with the Companies Other activities.

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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowances doubtful accounts and notes receivable and for mortgage loans receivable. Actual results could differ from those estimates.

CHANGE IN REVENUE RECOGNITION

Prior to July 1, 2001 the revenue for the Mortgage Division was booked as follows: the mortgage loan amount funded by the Company was booked as revenue on the date of funding. After that date, the net proceeds received from the sale of the mortgage loan were booked as revenue upon receipt of those funds by the Company. This has a significant impact on the revenue for the Company, but does not impact the net income (loss) for the Company. The financial statements were revised for June 30, 2001, and the companion figures for June 30, 2000 to incorporate the changes of revenue recognition for the Mortgage Division.

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RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform to the current year classification.

CASH AND CASH EQUIVALENTS

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

MORTGAGE LOANS HELD FOR SALE

Loans held for sale include originated mortgage loans intended for sale in the secondary market. Loans held for sale are recorded at the lower of aggregate cost or fair value.

Interest Accrual
Accrued interest ceases upon sale of the Mortgage Loan.

Allowance for Loan Losses
The allowance for loan losses represents management's estimate.

Balance Sheet will provide information as follows (if applicable):

Assets	
Loans held for sale	XXX
Allowance for loan losses	XXX

SFAS 134 requires mortgage-banking enterprises to classify securities as held-to-maturity, trading, or available-for-sale, depending on the entity's intent and ability to hold the securities. If the mortgage banking enterprise commits to sell a mortgage-backed security before or during the securitization process, the entity must classify the security as trading.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful life of the assets, which is generally three to five years for computers and computer related equipment and five to seven years for other non-computer furniture and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease, ranging from one to ten years.

INTANGIBLE ASSETS

Intangible assets consist primarily of acquired customer bases, long-term marketing agreements, goodwill, and other items. Customer bases acquired directly are valued at cost, which approximates fair value at the time of purchase. When material intangible assets, such as customer bases and goodwill are acquired in conjunction with the purchase of a company, IBII undertakes a study by an independent third party to determine the allocation of the total purchase price to the various assets acquired and the liabilities assumed. The costs assigned to intangible assets are being amortized on a straight-line basis over the estimated useful lives of the assets, which is 36 months for substantially all remaining intangible assets as of September 30, 2003. Goodwill and other intangible assets are periodically reviewed for impairment to ensure they are appropriately valued. Conditions that may indicate an impairment issue exists include an economic downturn, changes in the churn rate of subscribers or a change in the assessment of future operation. In the event that a condition is identified that may indicate an impairment issues exists, an assessment is performed using a variety of methodologies, including cash flow analysis, estimates of sales proceeds and independent appraisals.

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ADDITIONAL PAID IN CAPITAL

In April of 2003 the par value for the Company stock was changed from $.01 per shares to $.001 per share at that time there were, 78,273,603 shares issued with a par value of $.01 which equals $782,736, the par value change to $.001 valued those shares at $78,274 the net difference of $704,462 is included in paid in capital.

In May of 2002 a 1 share for 10 shares reverse became effective. This was the first part of a Securities Purchase Agreement in conjunction with a stock registration. The Company received $120,000 as a loan to be paid with the registration of stock during the fiscal year. Due to the price drop in the stock after the reverse occurred the registration did not occur. The Loan proceeds booked as long-term debt. The stock reverse difference of shares issued and outstanding is stated as additional paid in capital in the amount of $2,544,624.

By the end of March 2000, the Company issued an additional 7,000,000 shares of the Company's common stock, in a private placement to a qualified investor, which provided to the Company $3,382,560.

REVENUE RECOGNITION

IBII recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable.

For ISP services, these criteria are met monthly as our service is provided on a month-to-month basis and collection for the service is generally made within 30 days of the service being provided. Narrowband access revenues consist of monthly fees charged to customers for dial-up Internet access. Narrowband access revenues also include monthly service fees; any associated equipment revenues for the Internet appliance and wireless access services provided as part of the company's marketing initiative and equipment fees. Broadband access revenues consist of fees charged for high-speed, high-capacity access services including DSL, fixed wireless, and dedicated circuit services, installation, termination fees and fees for equipment. Web hosting revenues consist of fees earned by leasing server space and providing web services to companies and individuals wishing to present a web or e-commerce presence. Advertising, content and electronic commerce revenues are recorded as earned.

For lending on line, revenue principally represents closed-loan fees paid by Lenders that closed a loan for a consumer that originated through websites. Closed-loan fees are recognized at the time the lender reports the closed loan to us. This subsidiary was closed down in June 2002. Additional revenue is derived from on line leasing, and is recognized as the services are performed.

Revenue from direct marketing - Fees are earned from products and or services are sold are only recognized as revenue upon receipt of those funds

Source: SAB 101

ADVERTISING EXPENSE

All advertising costs are expensed when incurred.

CONCENTRATION OF CREDIT RISK

The Company is subject to credit risk through trade receivables. Monthly Internet access fees and web hosting are generally billed to the customer's credit card, thus reducing the credit risk. The Company routinely assesses the financial strength of significant customers and this assessment, combined with the large number and geographic diversity of its customers, limits the Company's concentration of risk with respect to trade accounts receivable.

INCOME TAXES

The Company accounts for income taxes under the asset and liability approach where deferred income tax assets and liabilities reflect the future tax consequences, based on enacted tax laws, of the temporary differences between financial and tax reporting at the balance sheet date.

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EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income (loss) by the weighted average of common shares outstanding for the period. Diluted earnings per share are computed by adjusting the weighted average number of shares outstanding during the period for all potentially dilutive shares outstanding during the period.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS 133, Accounting for Derivative Investments and Hedging Activities. SFAS 133 establishes new model for accounting for derivatives and hedging activities and supersedes several existing standards. SFAS 133, as mended by SFAS 137 and SFAS 138, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company does not expect that the adoption of SFAS 133 will have a material impact on its financial statements.

NOTE 2. BUSINESS COMBINATIONS

The Company's business combinations have been accounted for using the purchase method, and, accordingly, the total purchase price of each acquired company was allocated to the tangible assets and liabilities and identifiable intangible assets based on their estimated fair values as of the closing date of the acquisition. The excess purchase price over the fair values is recorded as goodwill. Results of operations for the acquired companies are included prospectively from the date of acquisition.

In June 2002 the Company announced the sale of Ace Optics to CRT Corporation for $2,000,000 worth of CRT restricted stock

In June 2002 the Company announced that it plans to divest it self of the Guarantee Capital Group subsidiary, and in anticipation of that occurrence ceased operations of the on line mortgage lending group.

In February 2002 the Company announced that it plans to spin-off the Global Construction Buying Group to its shareholders by the end of 2002.

In September 2001 the Company started Guarantee Capital Group, which acquired the computer, furniture and processing equipment from the new owner of Atlas Capital Corporation for $30,000. In November 2001 Guarantee Capital Group had exceeded the capacity of its mortgage banking line. This prevented Guarantee from funding the balance of its processed loans and subsequently in December 2001, 20 its 24 employees were laid off. The Company ceased the operation of Guarantee before the end of June 2002.

In September 2001 the Company started a new marketing subsidiary 1st2 Market Incorporation and ceased operating its predecessor Allstates Communications Inc. The new subsidiary will only market the Company's products whereas Allstates marketed cell phones for cellular phone companies.

In March 2001, IBII ceased to operate Global GPP Corporation and closed its corresponding operation in Europe. The Company started a new corporation, which is a wholly owned subsidiary, Global Construction Buying Group, whose main asset is the equipment acquired from Global GPP Corporation.

In October 2000, IBII signed an acquisition agreement with Auction-Sales.Com. The Company invested $180,000 in the Auction-Sales.Com and in December 2000 rescinded the acquisition due to undisclosed debts. The Company is currently suing for the return of the funds and believes that if the Company prevails the debt could be collected.

In October 2000, IBII acquired the auction web site operations of the Sonic Auction Company for a purchase price of approximately $5,000. With this acquisition, the Company acquired a database and a functioning web auction site. The Company issued 500,000 shares of restricted common stock, to acquire Sonic Auction Company. This site ceased operation in March of 2001.

During the quarter ended September 2000, the Company issued 4,113,871 of shares of restricted common stock tock for service valued at $41,139.

In April 2000, IBII acquired the all the outstanding stock of Atlas Capital Corporation, a mortgage-banking company, for 600,000 restricted common stock valued at $6,000. In connection with the acquisition, the Company acquired assets of approximately $3,183,000 and assumed liabilities of approximately $3,179,000. The difference of $260,000 was recorded as intangible assets related to acquisition of trade names, websites, workforce-in-place and is being amortized over 5 years. By end of August 2001 the company sold Atlas Capital Corporation with its assets and liabilities.

In March 2000, the Company acquired the assets and assumed certain liabilities of Internet 2xtreme, an Internet Service Provider based in northern California. The total purchase price was $735,000, which consisted of cash of $17,635 and 124,589 shares of restricted common stock valued at $186,88. In connection with the acquisition, the Company recorded intangible assets of approximately $666,000, which consisted of approximately 4,800 customer accounts, website and workforce-in-place, which are being amortized over 5 years.

In March 2000, the Company acquired 80% of the outstanding shares of Global GPP for $500,000. Global GPP owns a business-to-business website, equipment and its strategic agreements with IBM Hungary to market business-to-business services in Eastern Europe.

In February 2000, the Company acquired the assets and assumed certain liabilities of Direct Communications, Inc., a wireless communications company. In addition to assuming certain liabilities, the Company paid cash of $80,000 and issued 30,000 shares of restricted company stock at valued at $300. Intangible assets purchased totaled $265,000, consisting of customers lists, website and workforce-in-place and is being amortized over 5 years. These assets and liabilities were transferred to the newly formed and wholly owned subsidiary of the Company, Allstates Communications Inc.

In December 1999 the Company entered into a service agreement to market its services on the Internet for 6,000,000 shares of common stock valued at $60,000.

In November 1999, the Company, acquired an E Commerce website Optical Brigade, an on-line sunglass distribution website, for 5,050,) of restricted shares of common stock valued at $50,500.

In August 1999, the Company acquired the website, Net 2 Loan, an on-line loan processing website for 400,000 shares of restricted common stock valued at $4,000.

In July 1999 the Company acquired MBM Capital Group for $72,000 and 112,667 shares of restricted common stock valued at $1,127. MBM was sold during the fiscal year of acquisition for a $150,000 note. After the sale MBM ceased operations and the Company considers the note valueless.

In June 1999, the Company acquired the assets of L.A. Internet, a southern California-based Internet Service Provider, which included customer accounts, trade name, websites, etc. for $545,000 in exchange for a reduction of the Note Receivable from Iron Horse Holdings, Inc. (see Preferred Stock Note 8).

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NOTE 3. CERTAIN FINANCIAL STATEMENT INFORMATION

	SEPTEMBER 30, 2003	JUNE 30, 2003
ACCOUNTS RECEIVABLE:		
Accounts receivable	$ 0	$ 0
Less: allowance for doubtful accounts	0	0
Accounts receivable, net	$ 0	$ 0
INVESTMENT IN UNCONSOLIDATED COMPANIES :		
Stock of PMCC/GNVN	$ 194,068	$ 194,068
Stock of CRT/DCM	957,264	1,517,264
Stock Distribution DCM	(207,264)	(560,000)
Stock Purchase DCM	80,000	0
Total Long Term Investments	$ 1,024,068	$ 957,264
PROPERTY AND EQUIPMENT:		
Office furniture and equipment	$ 47,999	$ 47,999
Machinery and computer equipment	3,136,393	3,136,393
Leasehold improvements	0	0
Less: accumulated depreciation.	(2,496,685)	(2,243,462)
Property and equipment, net	$ 687,707	$ 940,930
INTANGIBLE ASSETS:		
Capitalized software costs, including websites	$ 1,270,156	$ 1,270,156
Subscriber member bases.	1,148,307	1,148,307
Others, including customer lists, existing technology, trade names	423,386	423,386
Less: accumulated amortization.	(2,557,538)	(2,287,157)
Intangible assets, net	$ 284,311	$ 554,692

NOTE 4. REVOLVING LINES OF CREDIT

In January of 2002 the Company had a credit facility with PCFS for $3,000,000 under specified conditions to fund residential mortgages to customers. The residential loans serve as collateral, and funds are advanced up to 98% of the unpaid principal amount of the qualified mortgage loan granted to the customer. The credit facility bears interest at the Prime Rate plus 1.0% for loans outstanding for 60 days or less. The interest rate increases to Prime Rate plus 4.0% for loans outstanding between 60 and 120 days, and increases to Prime Rate plus 6.0% for amounts outstanding over 120 days. By May of 2002 this line was not used and the agreement terminated.

On February 1, 2000, the Company entered into a Master Repurchase Agreement that provides the Company with a warehouse facility through IMPAC Warehouse Lending Group ("IMPAC"). The IMPAC line provides the Company with an open warehouse credit line (as set forth by IMPAC) for the Company's mortgage originations only. Under the terms of the agreement, the Company must repay the funded amount within 30 days of the date the funds were disbursed with interest at the Prime Rate plus 1.0%. If the funds are not repaid within 30 days, the interest rate increases to Prime Rate plus 3.0% until repaid, and IMPAC reserves the right to sell the loan and any shortfall remains the liability of the Company. The IMPAC line is secured by the mortgage loans funded with the proceeds of such borrowings. The IMPAC line does not have a stated expiration date but is terminable by either party upon written notice. This agreement was terminated in December of 2001. Amounts outstanding under the IMPAC line at June 30, 2002 and 2001 were $0 and $6,183,228 respectively.

On March of 2001, the Company entered into a Master Repurchase Agreement that provides the Company with a warehouse facility through Imperial Warehouse Lending Group ("Imperial"). The Imperial line provides the Company with an open warehouse credit line (as set forth by Imperial) for the Company's mortgage originations only. Under the terms of the agreement, the Company must repay the funded amount within 30 days of the date the funds were disbursed with interest at the Prime Rate plus 1.0%. If the funds are not repaid within 30 days, the interest rate increases to Prime Rate plus 3.0% until repaid, and Imperial reserves the right to sell the loan and any shortfall remains the liability of

the Company. The Imperial line is secured by the mortgage loans funded with the proceeds of such borrowings. The Imperial line does not have a stated expiration date but is terminable by either party upon written notice. This Line was terminated in July of 2001. Amounts outstanding under the IMPAC line at June 30, 2002 and 2001 were $ 0 and $ 865,468 respectively.

The effective interest rate for the credit lines listed above were as follows per quarter, the interest charge is deducted from the sale proceeds of the funded loans and is booked as a cost of revenue;

Quarter	Prime Rate	Impac**	Imperial*	Number of Loans Held over 30 Days
June 30, 2001.	6,75%	7.75%	7.75%	0
Sept. 30 2001.	6.00%	7.00%	N/A	0
Dec. 31, 2001.	4.75%	5.75%	N/A	0
March 31, 2002	4.75%	N/A	N/A	0

June 30, 2002.	4.75%	N/A	N/A	0

* Imperial line not in use after June 2001
** Impac line not in use after December 2001

In addition, the Company had a bank line of credit that provides for maximum borrowings up to $125,000. The line of credit is personally secured by certain officers of the Company, and currently bears interest at 11.5% at June 30, 2000 and is due on August 31, 2000. The outstanding balance against the line of credit as of June 30, 2002 and 2001 were $ 0 and $ 0, respectively. The Company paid off the line of credit line during the fiscal year ending June 30, 2001, because it was no longer required.

All credit facilities and bank line of credit require the Company to maintain certain financial ratios and adhere to specific non-financial requirements. At June 30, 2002, the company was in compliance with the various covenants contained in the above agreements.

NOTE 5. LONG-TERM DEBT

Long-term debt at September 30, 2003 consists of the following:

Certain Company assets requiring monthly payments of interest secure certain of the notes payable and principal with various interest rates and due dates.

	CURRENT PORTION		LONG-TERM	TOTAL
	Previous	115,430	976,469	1,091,899
	Interest	99,262		99,262
	Territory		1,060,000	1,060,000
	Other		40,000	40,000
	Total	$ 214,594	$ 2,076,469	$2,291,063

The Current Portion represents the unpaid amount due which the company was unable to pay.
The increase in the long term debt represent the debt due $1,060,000 contracted by the company for the Territory Marketing Agreement

During the fiscal year ended June 30, 2002 certain real estate loans defaulted. The Companies subsidiary is making payment to the lender that purchased the defaulted loans. These payments are made at the note rate for each loan. The Company has filed claims with the Companies E&O Insurance carriers and until the claims are either denied or paid the company lists these debts as long-term debt. These notes total $844,933. Effective September 1, 2001 the Company sold the subsidiary Atlas Capital and these liabilities are included in the sale.

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NOTE 6. GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the company as a going concern. The Company has experienced significant losses. As of September 30, 2003 the currently liabilities exceed current assets by $1,401,590. As shown in the financial statements, the Company incurred a net loss of $1,985,226 for the first quarter of fiscal year ended June 30, 2004.

The future success of the Company is likely dependent on its ability to attain additional capital to develop its proposed products and ultimately, upon its ability to attain future profitable operations. There can be no assurance that the Company will be successful in obtaining such financing, or that it will attain positive cash flow from operations.

NOTE 7. EXTRAORDINARY ITEM

The California Code of Civil Procedure Section 337 states; "Within 4 years (four), an action upon any contract, obligation or liability founded upon a written statement or written contract." The debts of company's (see Note 1) identified were greater then 4 years old and not enforceable. Legal counsel Edgar Scheck reviewed the debts and issued and opinion letter that the prior company's debts were not collectable based upon this Code Section 337. The Company then extinguished these debts and recognized amount of the debt as extraordinary income. SFAS 125 list 2 sets of circumstance under which a liability is not recognized (which is listed below). The second set of circumstance states the GAAP basis for which the Company extinguished the debt and recognized the debt amount as extraordinary income in the fiscal year ended June 30, 1999.

Per SFAS 125, defeasance does not result in the extinguishments of a liability. A liability is derecognized only if:

1. The creditor is paid and the debtor is relieved of the obligation.
2. The debtor is released legally either by the creditor or judicially from being the primary obligor.

All gains and losses from extinguishments, if material in amount, receive extraordinary item treatment.

NOTE 8. STOCKHOLDERS' EQUITY

AUTHORIZED SHARES

During April 2003 the board of directors amended the articles of incorporation to increase the authorized to 2,000,000,000 shares of which 1,990,000,000 are common shares and 10,000,000 are preferred.

During November 2000, the board of directors of the Company amended the articles of incorporation to increase the number of authorized shares of common stock to 349,000,000 shares.

STOCK ISSUANCE

During the first quarter fiscal year ended June 30, 2004 the following stock was issued.

54,000,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

40,0000 shares of restricted common stock were issued as per agreement to repurchase of 40,000 shares of DCM.

40,0000 shares of restricted common stock were issued as per agreement to repurchase of 40,000 shares of DCM.

During the fourth quarter fiscal year ended June 30, 2003 the following stock was issued.

40,000,000 shares of restricted common stock were issued as per agreement to repurchase 149,283 shares of PMCC common stock previously sold to an investor in July of 2000. The agreement also provided for the issuance of 560,000 shares of DCM Enterprises.

60,000,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

In April of 2003 the par value for the Company stock was changed from $.01 per shares to $.001 per share at that time there were, 78,273,603 shares issued with a par value of $.01 which equals $782,736, the par value change to $.001 valued those shares at $78,274 the net difference of $704,462 is included in paid in capital.

During the third quarter fiscal year ended June 30, 2003, IBII issued stock for services.

20,000,000 shares of restricted common stock rule were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract.

During the second quarter fiscal year ended June 30, 2003, IBII issued stock for services.

10,000,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement

During the first quarter fiscal year ended June 30, 2003, IBII issued stock for services.

10,000,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement.

During the fiscal year ended June 30, 2002 the following occurred:

Stock Reverse; In May of 2002 a 1 share for 10 shares reverse became effective. This was the first part of a Securities Purchase Agreement in conjunction with a stock registration. The Company received $120,000 as a loan to be paid with the registration of stock during the fiscal year. Due to the price drop in the stock after the reverse occurred the registration did not occur. The Loan proceeds booked as long-term debt. The stock reverse difference of shares issued and outstanding is stated as additional paid in capital in the amount of $2,544,624.

During Fiscal Year ended June 30, 2002 IBII issued stock for services.

Post-Stock reverse 10,000,000 shares of common stock were issued as payment to consultants in lieu of cash for services provided pursuant to a consulting agreements. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. These shares were issued pursuant to a Form S-8 registration statement.

In September 2001 15,500,000 shares were issued as per employment contract, bring the total number to 282,736,029 common snares issued and outstanding of which 134,495,037 are restricted.

During Fiscal Year ended June 30, 2001 IBII did not issue stock for services.

During fiscal year ended June 30, 2000, IBII agreed to issue approximately 30.4 million shares of restricted common stock for development and advertising services over a period of twelve months. Under the agreement, the shares were issued as certain milestones were met, and the fair value of the shares was recorded as prepaid advertising and amortized ratably over the term on the contract.

During fiscal year ended June 30, 1999, IBII issued in December of 1998, approximately 9.1million shares of restricted common stock to a consultant in lieu of cash for services provided pursuant to a consulting agreement. The fair value of the shares was recorded as prepaid professional services and amortized ratably over the term of the contract. Under this agreement, IBII issued additional 2.1 million shares of restricted common stock in January 1999.

The company complies with the provisions of Emerging Issues Task Force ("EITF") Issue No. 96-18, Accounting for Equity Instruments Issued to Other Than Employees for Acquiring, or in Conjunction with, Selling Goods or Services ("EITF 96-18"), with respect to stock issuances to such non-employees, whereby the value of the services was determined as a reliable measurement of fair value.

Stock Issuance for acquisitions see Note 3. Business Combination.

PREFERRED STOCK

During April 2003 the board of directors amended the articles of incorporation to increase the authorized to 2,000,000,000 shares of which 1,990,000,000 are common and 10,000,000 shares are preferred.

September 24, 2003; The following Preferred Stock was issued to Mercatus and placed in escrow with stop on the Stock at the transferred agent if the Mercatus loan funds the shares will be considered issued and outstanding and will be included into the financial information. At this date the Company has decided to request the return of share from the escrow, cancel the shares and return them to the treasury at the end of October if the Mercatus does not fund by then.

In January of 2003 the Company entered into a Collateral Loan Agreement (the "Loan Agreement") with Mercatus Partners Limited, a UK corporation (Mercatus), pursuant to which Mercatus has agreed to provide the Company with loans in an amount of up to 20% of the Final Market Value (as such term is defined in the Loan Agreement) of certain restricted shares of our preferred stock were issued by the Company in the name of Mercatus to secure the obligations under the loans (the "Stock"). The loans are payable to the Company within 10 days of delivery of the Stock and related loan documents.

Loans under the Loan Agreement are evidenced by the promissory Notes payable to Mercatus and are secured by the 10,000 Shares of Series A Preferred Stock. The interest rate on the loans will be set at 5.5%.

Except as otherwise provided in the Loan Agreement, the Stock shall be held as collateral by Mercatus at all times there remains principal or interest owing to Mercatus under the promissory notes. Other than as specifically set forth in the Loan Agreement, the Stock may not be sold, hypothecated, assigned, transferred, or otherwise encumbered. In the event of a default under the Loan Agreement, however, Mercatus may thereafter sell, assign, hypothecate or otherwise dispose of the Stock. Under such circumstances, Mercatus assumes no responsibility for the amount of proceeds it may receive upon such disposition of the Stock. Any proceeds received by Mercatus in excess of the default amount plus reasonable attorney's fees, if any, and related costs of disposition will be returned to the Company. In the event of a default by the Company, the Company has further agreed to take all reasonable steps to register the Stock for resale by Mercatus. A default by the Company under the Loan Agreement can be expected to have a materially adverse effect on the price of the Company's common stock.

The initial term of the loan is 5 years, with interest-only payments for the first year of the loan. Upon payment in full of all interest and principal due under the loan, the Stock will be returned to us for cancellation. During the term of the loan Mercatus will provide a voting proxy with respect to the Stock to a person designated by the Company. In the event of a default however, the proxy shall be deemed null and void.

In connection with the Loan Agreement, in February 2003 the Company delivered 10,000 shares of restricted preferred stock to Mercatus. The Company expects delivery of the funds by February 28th, 2003.

The maximum loan amount would be $9,000,000 with approximate net proceeds of $7,900,000.

As of March 31, 2003 Mercatus has not funded this loan. The Company received back the preferred stock, which was returned to Treasury. The Company signed a new loan agreement that has a funding date of May 31, 2003. Pursuant to this agreement the Company has issued a new 1,029,231 restricted preferred stock certificate series A, as collateral for the loan.

After March 31, 2003 the Company entered into the following loan agreement with Mercatus:

Mercatus Loan. Subject to the terms and conditions set forth herein, the Lender agrees to provide the Borrower a loan in the amount of Seven Hundred Fifty Thousand United States Dollars [US$ 750,000.00] (the "Loan"). Lender will pay the proceeds of the Loan to Borrower [less payments and fees, as set forth in the agreement, not sooner than five [5] business days after Borrower has delivered the Collateral Stock. Lender may, at its option, pay the Loan in more than one installment.

Pursuant to this agreement the Company issued a 10,000 restricted preferred stock certificate series B, as collateral for the loan.

After September 30, 2003 the shares issued to Mercauts were request to be returned and if the shares are not returned by the end of November the shares will be canceled.

In January of 2002 the Company had entered into an agreement to issue a Convertible Debenture in order to raise capital for the expansion of its wireless Internet services and re-establish the mortgage loan division; this Debenture was never completed due to the market price of the Company's stock.

On December 15, 1998, the Company entered into an agreement with Iron Horse Holdings, Inc. ("IHHI"), a privately held company that in which officers or family members of the officers of the Company have minority stock ownership, for IHHI to purchase 23,900 shares of the Company's preferred stock with a par value of $100.00 per share, in exchange for a promissory note receivable from IHHI in the amount of $2,500,000. The difference between the par value of the shares and the purchase price is treated as additional paid-in-capital. Shares purchased under the agreement are to be issued to IHHI or its designee. The promissory note receivable bear interest at 9% per annum, and is secured by a blanket security agreement executed by IHHI and perfected by filings as specified by law. Until such note is paid in full, IHHI shall pay the 3% coupon on such shares as are issued under the agreement directly to the shareholder(s) of record at the time such payment is due. During the fiscal year ending June 30, 2001, the company-received payment in full on the note executed by IHHI, also during this fiscal year IHHI converted the preferred into common stock. There are no preferred shares issued and or outstanding as of this date.

The Company acquired 100% of LA Internet, Inc. in June of 1999 for $525,000 from IHHI, which was credited towards the note that is owed by IHHI to the Company.

During Fiscal June 30, 2000 the Company received the following payments on the note executed by IHHI,

Date	Balance	Payment	Interest Paid	Form of payment
June 15, 1999.		$ 240,000	-	Credit
June 15, 1999.		$ 525,000	-	Credit - LA Internet
Total.	-	$ 765,000	-	-

Date	Balance	Payment	Interest Paid	Form of payment
June 30, 1999.	$1,735,000			-
Sept. 30, 1999	$1,464,754	$ 270,246	$ 39,037	Cash
Dec. 31, 2000.	$1,194,508	$ 270,246	$ 32,957	Cash
March 31, 2000	$ 924,262	$ 270,246	$ 26,876	Cash
June 30, 2000.	$ 654,009	$ 270,253	$ 20,796	Cash
Total.	$ 654,009	$1,080,991	$ 119,666	

During Fiscal June 30, 2001 the Company received the following payments on the note executed by IHHI,

Date	Balance	Payment	Interest Paid	Form of payment
June 30, 2000	$ 654,009			
Sept. 30, 2000	$ 490,509	$ 163,500	$ 14,715	Cash
Dec. 31, 2000	$ 327,009	$ 163,500	$ 11,036	Cash
March 31, 2001	$ 163,509	$ 163,500	$ 7,357	Cash
June 30, 2001	$ 0	$ 163,509	$ 3,679	Cash
Total	$ 0	$ 654,009	$ 36,787	

NOTE 9. INCOME TAXES

The provision for income taxes for the years ended June 30, 2004 and 2003 consist of the following (there were no provision for income taxes on the financials due to the net loss carry forward from the previous years operations):

	JUNE 30, 2004	JUNE 30, 2003
Current income tax expense:		
Federal.	$ 0	$ 0
State.	0	0
	0	0
Deferred income tax expense:		
Federal.	$ 0	$ 0
State.	0	0
	0	0
	$ 0	$ 0

Amounts for deferred income tax assets and liabilities as follows:

Assets	$ 0	$ 0
Valuation allowance.	0	0
	0	0
Liabilities.	0	0
Net tax asset or liability	$ 0	$ 0

Deferred income tax assets consist primarily of net operating loss carry forwards. The Company has provided for a full valuation allowance on the deferred income tax assets as the realization of such benefits are uncertain. Such carry forwards begin to expire beginning in 2004.

For the year ended June 30, 1999, the Company excluded the forgiveness of debt income from taxable income pursuant to Internal Revenue Code Section 108(A)(1)(B) and 108(B).

10. COMMITMENTS

The Company rents its current office in Las Vegas, Nevada, and the Company has vacated its prior offices.

2250 E. Tropicana Ave. Suite 19-309, Las Vegas, Nevada 89119

The Company has equipment at several co-location facilities that will be relocated once the facilities are paid current.

NOTE 11. SEGMENT INFORMATION

In accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," management has determined that there are three reportable segments based on the customers served by each segment: Full service internet service provider (ISP), mortgage banking business (which ceased operation in June 2002), and business-to-consumer ("B2C") provider. Such determination was based on the level at which executive management reviews the results of operations in order to make decisions regarding performance assessment and resource allocation.

Full service Internet service provider serves customers requiring Internet access in the western United States through dial-up, and high-speed wireless; web hosting and web design (which ceased operations as of June 30, 2003). Mortgage banking business includes online mortgage loan origination, processing, servicing and resales, (which ceased operations in June 2002). Business-to-consumer provider primarily consists of cellular phone service origination fees and sales (which ceased operation as of June 30, 2003).

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in he reconciliation of operating income reported below. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2).

Information on reportable segments is as follows:

	SEPTEMBER 30, 2003	SEPTEMBER 30, 2002
FULL-SERVICE ISP		
NET SALES.	$ 0	$ 287,493
OPERATING INCOME . .	$ (275,723)	$ (476,861)
MARKETING (B-TO-B/C)		
NET SALES.	$ 0	$ 844
OPERATING INCOME . .	$ 0	$ (19,334)

OTHER		
NET INCOME	$ 118,405	$ 0
UNALLOCATED EXPENSE.	$ (1,709,503)	$ (398,246)
TOTAL		
NET SALES.	$ 118,405	$ 288,377
OPERATING INCOME . .	$ (1,985,226)	$ (894,441)

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At the end of fiscal year ended June 30, 2003 management decided to close down the Marketing segment of the Company. The debts of the subsidiary were incorporated into the parent Company and the debt owed to the parent Company of $1,259,236 was written off this quarter.

NOTE 12. OTHER EVENTS

A. MARKETING AGREEMENT

In September 2003 the Company through its wholly owned subsidiary Global Debit Cash Card, Inc, a Nevada Corporation (GDCC) agreed to purchase from DCM the following territories of COLORADO AND UTAH for marketing the CARDS as per this Agreement. This will allow GDCC to be the TMR in those territories specified and to license resellers of the CARDS. The Licensed Activated Resellers (LAR) will be licensed through GDCC the TMR.

B. STOCK REPURCHASE

In September 2003 the Company agreed to reacquire the 149,283 shares previously sold to the investor. The agreement provides for the issuance of 560,000 shares of DCM Enterprises ("DCME") common stock in addition to 40,000,000 shares of restricted common stock the Company. The agreement also allows the Company to purchase from the investor 200,000 shares of the 560,0000 shares of DCME based upon the following terms per quarter; 40,000 shares of DCME for 40,000,000 shares of restricted common stock of the Company. This agreement to purchase the 200,000 shares of DCME is only in effect until such time that DCME becomes trading.

C. AGREEMENT BETWEEN THE COMPANY AND DCM ENTERPRISE,

In August 2003 the Company agreed to provide the Buyer of Ace Optics an alternative company from or return the stock of the Buyer since Ace Optics ceased operations immediately after the acquisitions of it by Buyer. In lieu of an alternative Company the Buyer and Seller agree that the balance of the DCME stock received by the Seller will be returned to the Buyer. Subsequently the Company acquired and then sold to DCME Alpha Tooling.

D. DIVIDEND

On June 17 2002, the Company announced the sale of Aces Optics to CRT Corp. for 2,000,000 shares of CRT restricted stock valued at $1.00 a share, the dividend was to be based on one share of CRT Corp. per 100 shares of post reverse shares of the Company. On July 8 the Company announced that the record date of July 17, 2002 for the shares holders to receive the dividend. On July 18, 2002 the Company announce the date of distributions to be August 30, 2002. By September 15, the Transfer agent was work with DTC to complete the issuance of the divided CRT Corp. restricted to its shareholders.

E. RTRN

In June 2001 the Company announced that an agreement of merger and share exchange was executed by and among Return Assured Incorporated, a Delaware corporation ("RAI"), IBUI Acquisition Corp., a Nevada corporation (the "Merger Subsidiary" and together with RAI, the "RAI Parties"), and Internet Business's International, Inc., a Nevada corporation ("IBUI"). The merger was to be completed before January of 2002. All parties to the agreement mutually canceled failing the completions of merger the agreement within the time frame agreed to the agreement.

F. PMCC

On August 2, 2000, the Company announced that it has entered into an agreement whereby the Company would purchase 2,460,000 share of PMCC Financial Corp. ("PMCC"), a full-service mortgage banking company, common stock from PMCC's former chairman of the board, Ronald Friedman, and The Ronald Friedman 1997 Grantor Retained Annuity Trust Ronald Friedman, which represents 66.36% of the 3,707,000 PMCC shares outstanding. The aggregate purchase price of $3,198,000 is to be paid in cash to the seller by the Company as follows: $700,000 at date of closing; $306,857 for each of the seven installment payments to be paid on the 30th, 60th, 90th, 120th, 150th, 180th and 210th days following the close; $175,000 on each of the 240th and 270th day after the date of the closing. Shares of PMCC, a listed AMEX company, were not trading at the time of the agreement. In the event that three months after closing, if PMCC's shares are

not actively trading on the AMEX or NASDQ exchanges and the Company has not merged PMCC with the Company or any of the Company's subsidiaries, the purchase price shall be reduced by the amount of the final two $175,000 payments.

Also on July 28, 2000, in a separate transaction, the Company entered into a stock purchase agreement with an unrelated individual whereby the Company would sell up to 370,000 of PMCC shares that the Company either owns or will eventually own, for total consideration of $1,387,500. Shares of PMCC stock sold by the Company will be released to the buyer in proportion to payments received.

The Company on March 2, 2001 filed an action against Ronald Friedman and The Ronald Friedman 1997 Grantor Retained Annuity Trust in Federal Court, in Orange County, California for rescission of the purchase of the PMCC stock agreement and return of $1,006,857 paid by the Company. On August 16, 2001 Ronald Friedman, Robert Friedman, and The Ronald Friedman 1997 Grantor Retained Annuity Trust filed an action against the Company for the balance of the price under the contract in the amount of $2,191,143. This action was filed in the U.S. District Court for the Southern District of New York. In February 2002 the New York case was transferred to California and consolidated with the case filed by the Company in Orange County, CA. The Company feels that it will prevail in this action.

As of December 31, 2000, the Company received payments of $559,812 and the Company released 149,283 shares of PMCC stock that it owned. If PMCC is not actively trading within six months of the agreement, the Company will issue to the Buyer the equivalent number of shares of stock of the Company. PMCC has been actively trading as of January 19, 2001, and the gain on the sale of the PMCC stock of $410,529 has been included in revenues for the period ending December 31,2000.

In January 2001, the PMCC was delisted from the American Stock Exchange and began trading on the Pink Sheets under the symbol of "PMCF"; this met the trading requirement as per the stock sale agreement the Company had entered into with an unrelated individual during the first quarter of this fiscal year.

G. IBC

On August 11, 2000, the Company entered into an agreement to acquire all of the outstanding shares of International Business Co., a software developer that streamlines B2B e-commerce, in exchange for 2,000,000 shares of restricted Company shares to be held in escrow. Between the periods from September 1, 2000 through March 1, 2001, the Company can unilaterally cancel the contract if dissatisfied with the seller's performance. The Company canceled the purchase during the cancellation period agreed in the escrow.

H. AUCTION-SALES.COM, INC.

On October 19, 2000, the Company entered into a Stock Purchase Agreement with Auction-Sales.Com, Inc. and its majority shareholder, Zahid Rafiq (collectively, "Seller"), for the purchase by the Registrant of 96.62% of the outstanding and treasury shares of common stock of Auction-Sales.Com, Inc., a Delaware corporation. In exchange for the shares, the Company was to pay, under the terms of the agreement, 11,000,000 shares of Company's common stock to Seller for all of Seller's Shares. After investing $180,000 for marketing the Company discovered that Auction-Sales had undisclosed liabilities and that Auction-Sales was not in compliance with California law regarding delivery of product paid for but not delivered to customers.

This acquisition was rescinded in December 2000 and the necessary documents were filed with the SEC. The site was retained until the funds invested into Auction-Sales.Com are returned which at this time management has expectations of occurring.

NOTE 13. OTHER AGREEMENTS

A. WASHINGTON STATE HOTEL AND MOTEL ASSOCIATION.

The agreement, entered into in the ordinary course of business, with the Washington State Hotel and Motel Association, dated October 4, 2000, provides the use of the GGPP reverse auction site as a platform for hotel association members purchasing products needed for their different hotel properties. This method of purchasing allows the suppliers of products the chance to sell products to the buyers in competition with one another; the net effect is that the buyers would select the supplier with the lowest per unit cost. This reduces the cost of supplies and thereby should increase their potential of profit. This agreement covers the modification of the GGPP website for use by the Association, and does not involve any payment by the Company. By the end of the fiscal year ended June 2002, this program generated no revenue and the Company has ceased to offer this service.

B. JWC CONSTRUCTION

The agreement, entered into in the ordinary course of business, with the JWC Construction Company of Poland, dated March 9, 2001 which will enable companies to list their purchasing requirements on projects using the reverse auction platform. This method of purchasing allows the suppliers of products the chance to sell products to the buyers in competition with one another; the net effect is that the buyers would select the supplier with the lowest per unit cost. This reduces the cost of supplies and thereby should increase their potential of profit. This agreement covers the modification of the Construction Buying Group website for by the Construction industry, and does not involve any payment by the Company. By the end of June 2002, the Company canceled this agreement due to lack of activity of JWC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the financial statements of the Company and notes thereto contained elsewhere in this report.

CURRENT OPERATIONS

The Company currently has less the 5 employees and one office, the Company is currently not in operations.

The Company rents its current office in Las Vegas, Nevada, and the Company has vacated its prior offices.

2250 E. Tropicana Ave. Suite 19-309, Las Vegas, Nevada
89119
The Company has equipment at several co-location facilities that will be relocated once the facilities are paid current.

RESULTS OF OPERATIONS - COMPARISON OF QUARTER ENDED SEPTEMBER 30, 2003 TO QUARTER ENDED SEPTEMBER 30, 2002.

(A) OVERALL

Revenues for the three months ended September 30, 2003 of $118,405 was from the sale of depreciated equipment and customer lists the only reason this is classified as revenue is because the assets were fully depreciated at the time of the sale. Due to the source of revenue the Company has no expectation that similar sales will occur and during the remainder of this fiscal year. During the three months ended September 30, 2002 the Company had sales of $288,377.

Operating, sales, general and administrative expenses for the same periods were $654,395 and $1,182,778 respectively, which is a decrease of approximately 55.3%. The main reason for this decrease is due to the closing down of the operations there by reducing the expenses.

The resulting loss for the three-month period ended September 30, 2003 of ($1,985,226) is a significant increase when compared to the losses of ($894,4441) reported for the comparable quarter ended September 30, 2002. The increase in the loss is primarily due to the closing down of the Marketing division and the Company writing off the amount due from that segment.

(B) COMPARISON BY SEGMENT

Management determined that there were four reportable segments for the prior quarter ended September 30, 2001. However for this quarter ended September 30, 2003 there are only two reportable segments for the Company. These are as follows: Internet service provider (ISP); and Corporate (Other).

Information on reportable segments is as follows:

FIRST QUARTER ENDED

		SEPTEMBER 30, 2003		SEPTEMBER 30, 2002
FULL-SERVICE ISP				
NET SALES.	$	0	$	287,493
OPERATING INCOME . .	$	(275,723)	$	(476,861)
MARKETING (B-TO-B/C)				
NET SALES.	$	0	$	844
OPERATING INCOME . .	$	0	$	(19,334)
OTHER				
NET INCOME	$	118,405	$	0
UNALLOCATED EXPENSE.	$	(1,709,503)	$	(398,246)
TOTAL				
NET SALES.	$	118,405	$	288,377
OPERATING INCOME . .	$	(1,985,226)	$	(894,441)

ISP: The results for the ISP segment for the first quarter ended September 30, 2003 shows no revenue for this quarter since this segment has ceased operations during the previous fiscal year. Until such time the ISP restarts operations and reacquires the equipment that it has at the co-locations there will be no comparison of this segments operations per quarter.

MARKETING: Marketing ceased operations during fiscal year ended June 30 2003 and since there were no plans to restart the operations there will be no segment comparison of quarters.

OTHER: Revenues that represent the sale of fully depreciated equipment and customer lists. Since there are no expectation that furthers sales will occur and that the revenues from previous operation are dissimilar there will be no comparison of the quarters. Beside depreciation and amortization for the Quarter, with the closing of the Marketing division represented the largest expense for this quarter.

LIQUIDITY AND CAPITAL RESOURCES.

Net cash provided by the operations of the Company decreased by ($1,194) for the three months ended September 30, 2003 to $195 by the end of the quarter. Since the Company is not in operations the only liquidity for the Company would come from the sale of its assets.

CAPITAL EXPENDITURES.

Other than as set forth below, no material capital expenditures were made during the quarter ended on September 30, 2003.

ACQUISITIONS

There were no acquisitions made during the quarter ended September 30, 2003.

FORWARD LOOKING STATEMENTS

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, including statements regarding, among other items, the Company's business strategies, continued growth in the Company's markets, projections, and anticipated trends in the Company's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward-looking statements are based largely on the Company's expectations and are subject to a number of risks and uncertainties, certain of which are beyond the Company's control. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among others, the following: reduced or lack of increase in demand for the Company's products, competitive pricing pressures, changes in the market price of ingredients used in the Company's products and the level of expenses incurred in the Company's operations. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. The Company disclaims any intent or obligation to update "forward looking statements."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This section has not been updated relative to market risk because the Mortgage Banking Division ceased operation during the previous fiscal year ended June 30, 2002. This division may become operational if additional funds are available for the Company.

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument due to fluctuations in interest rates. Market risk is inherent to both derivative and non-derivative financial instruments, and accordingly, the scope of the Company's market risk management includes all market risk sensitive financial instruments.

The Company uses several tools and risk management strategies to monitor and address interest rate risk. Such tools allow the Company to monitor and evaluate its exposure to these risks and to manage the risk profile of its residual interest portfolio in response to changes in the market risk.

The Company measured the sensitivity of the current value of cost of funds (Prime Rate plus 1.5%) to changes in the mortgage interest rate (bond market plus 1.5%) that the Company charges on funded loans, which is reflected with changes in interest rates. The difference in the cost of funds versus the rate at which the Company funded the mortgage loans could have benefited the company because the cost of funds was less the mortgage interest rate. The Company could have lost money if the cost of funds was more than the mortgage interest rate.

The following table summarizes the sensitivity analysis of change in the fair value of our cost of funds as compared to the residual interests as of December 31, 2001 and March 31, 2002:

	CHANGE IN FAIR VALUE AS OF: DECEMBER, 31, 2001	MARCH 31, 2002
Prime Rate.	4.750%	4.750%
Our Cost of Funds	1.500%	1.500%
Total.	6.250%	6.250%
Bond Market	4.900%	5.100%
Consumer Cost of Funds. .	1.500%	1.500%
Total	6.400%	6.600%
Net Impact Benefit (Loss)	0.150%	(0.350)%
Consumer Cost of Funds. .	1.500%	1.500%
Total	6.400%	6.075%
Net Impact Benefit (Loss)	0.150%	(1.425)%

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Registrant carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-14 under the Securities and Exchange Act of 1934 ("Exchange Act"). This evaluation was done under the supervision and with the participation of the Registrant's President and Chief Financial Officer. Based upon that evaluation, they concluded that the Registrant's disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy the Registrant's disclosure obligations under the Exchange Act.

(b) Changes in internal controls.

There were no significant changes in the Registrant's internal controls or in its factors that could significantly affect those controls since the most recent evaluation of such controls.

PART II.

ITEM 1. LEGAL PROCEEDINGS.

The Company has two lawsuits that are material to the Company; one has gone to judgment against the company, which has been appealed. The other which is currently in negotiations for a possible settlement and if it is not settled then the case be go to trail before the end of 2003.

Globalist International received a judgment for approximately $350,000. The courts decision and the judgment were appealed and the Company believes that it will prevail in this matter.

The Company vs. Ronald Friedman 1997 Grantor Retained Annuity Trust, for rescission of the purchase of the PMCC stock and return of the $1,006,857. This case is currently in negotiations for a possible settlement and if it is not settled then the case will be go to trail before the end of 2003.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

The Company issued 54,000,000 shares of S-8 stock for services during this quarter.

The Company issued 80,000,000 shares of restricted stock as per stock repurchase agreement during this quarter.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

REPORTS ON FORM 8-K.

Several reports on Form 8-K were filed during the quarter of the fiscal year covered by this Form 10-QSB.

EXHIBITS.

Exhibits included or incorporated by reference herein are set forth in the Exhibit Index.

EXHIBIT INDEX

Number	Description
2.1	Agreement and Plan of Merger between the Company and Internet Business's International, Inc., a Delaware corporation, dated July 1, 1999 (incorporated by refere to Exhibit 2 to the Form 8-K/A filed on November 22, 1999)
2.2	Agreement and Plan of Merger and Share Exchange among the Company, Return Assured Incorporated, and IBUI Acquisition Corporation, dated June 4, 2001 (see below).
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Form 10-Q fi on December 1, 1999).
3.2	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.2 to the Form 10-Q filed on December 1, 1999).
3.3	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.3 of the Form 10-Q filed on May 22, 2000).
3.4	Certificate of Amendment of Articles of Incorporation (incorporated by reference to Exhibit 3.4 of the Form 10-Q filed on May 22, 2000).

3.5	Bylaws (incorporated by reference to Exhibit 3.3 to the Form 10-Q filed on December 1, 1999).
4.1	Retainer Stock Plan for Non-Employee Directors and Consultants, dated October 1, 1999 (incorporated by reference to Exhibit 4.1 to Form S-8 filed on October 8, 1999)
4.2	Consulting Agreement between the Company and Mark Crist, dated October 5, 1999 (incorporated by reference to Exhibit 4.2 to Form S-8 filed on October 8, 1999)
10.1	Purchase Agreement (LA Internet) between the Company and Iron Horse Holdings, Incorporated, dated June 10, 1999 (incorporated by reference to Exhibit 10.2 to the For 10-Q filed on December 1, 1999).
10.2	Purchase Agreement between the Company and the Stockholders of MBM Capital Group Inc., dated July 1, 1999 (incorporated by reference to Exhibit 10.3 to the Form 10-Q fi on December 1, 1999).
10.3	Acquisition Agreement (Net 2 Loan) between the Company and Lifestyle Mortgage Partners dated September 15, 1999 (incorporated by reference to Exhibit 10.4 to the For 10-Q filed on February 22, 2000).
10.4	Purchase Agreement (license) between the Company and Stockholders of California Land & Home Sale, Inc., dated October 1, 1999 (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed on February 22, 2000).
10.5	Acquisition Agreement (Optical Brigade) between the Company and Wade Whitley dated November 1, 1999 (incorporated by reference to Exhibit 10.6 to the Form 10-Q filed on February 22, 2000).
10.6	Employment Agreement between the Company and Al Reda dated January 1, 2000 (see below).

EXHIBIT INDEX

Number	Description
10.7	Employment Agreement between the Company and Louis Cherry dated January 1, 2000 (see below).
10.8	Agreement for Acquisition between the Company and Direct Communications, Inc., dated February 25, 2000 (incorporated by reference to Exhibit 10.6 of the Form 10-Q filed on May 22, 2000).
10.9	Agreement between the Company and Internet 2xtreme dated March 6, 2000 (incorporated by reference to Exhibit 10.7 of the Form 10-Q filed on May 22, 2000).
10.10	Agreement between the Company, Roanoke Technology Corp., and Global GPP Corp., dated March 21, 2000 (incorporated by reference to Exhibit 10.8 of the Form 10-Q filed on May 22, 2000).
10.11	Agreement between GPP Hungary Kft and Haitec Magyarorazagi Kft, dated March 30, 2000 (incorporated by reference to Exhibit 10.9 of the Form 10-Q filed on May 22, 2000)
10.12	Stock Purchase Agreement between the Company and Atlas Capital Corporation dated

April 1, 2000 (incorporated by reference to Exhibit 10.10 to the Form 10-K filed on September 27, 2000).

10.13 Stock Purchase Agreement between the Company and Ronald Friedman, Robert Friedman, and The Ronald Friedman 1997 Grantor Retained Annuity Trust, dated July 28, 2000 (incorporated by reference to Exhibit 10.11 of the Form 10-Q filed on November 16, 2000).

10.14 Stock Sales Agreement between the Company and a buyer dated July 28, 2000 (incorporated by reference to Exhibit 10.12 of the Form 10-Q filed on November 16, 2000).

10.15 Stock Purchase Agreement between the Company, International Business Company, Dennis B. Ginther, Clifford J. Roebuck, Jadwiga L. Ginther, and Bogumila E. Basu , date August 19, 2000 (incorporated by reference to Exhibit 10.13 of the Form 10-Q filed on November 16, 2000).

10.16 Stock Purchase Agreement between the Company, Sonic Auction.com, Inc., and Brian Pruett, dated October 5, 2000 (incorporated by reference to Exhibit 10.14 of the Form 1 Q filed on February 15, 2001).

10.17 Stock Purchase Agreement between the Company, Auction-Sales.Com, Inc., and Zahid Rafiq, dated October 19, 2000 (incorporated by reference to Exhibit 10.15 of the Form 10-Q filed on February 15, 2001).

21 Subsidiaries of the Company (incorporated by reference to Exhibit 21 of the Form 0-Q filed on February 15, 2001).

31 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith

32 Certification Pursuant to 18 U.S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (filed herewith)

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SIGNATURES

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

INTERNET BUSINESS'S INTERNATIONAL, INC.

/s/ Albert R. Reda

Albert R. Reda
Chief Executive Officer, Secretary
Dated: November 12, 2003

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

/s/ Albert R. Reda
Albert R. Reda
Chief Executive Officer, Secretary, and Director
November 12, 2003