MOBILEPRO CORP
Form 10QSB
February 19, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended December 31, 2002

Commission File Number 002-97869-D

MOBILEPRO CORP.
(Exact name of registrant as specified in charter)

DELAWARE	87-0419571
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
30 West Gude Drive, Suite 480, Rockville, MD	20850
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (301) 230-9125

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of February 18, 2002, the Company had outstanding 19,516,788 shares of its common stock, par value $0.001.

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ITEM 1. FINANCIAL STATEMENTS

ASSETS

	DECEMBER 31, 2002 (UNAUDITED)	MARCH 31, 2002 (AUDITED)
CURRENT ASSETS		
Cash and cash equivalents	$ 1,453	$ 154
Prepaid expenses	62,000	-
TOTAL CURRENT ASSETS	63,453	154
Fixed assets, net of depreciation	42,821	-
TOTAL ASSETS	$ 106,274	$ 154

LIABILITIES AND STOCKHOLDERS' DEFICIT

	December 31, 2002 (Unaudited)
LIABILITIES	
Current Liabilities:	
Due to officer	$ 331,
Short-term debt	191,
Accounts payable and accrued expenses	1,152,
Total Current Liabilities	1,674,
LONG-TERM DEBT	350,
TOTAL LIABILITIES	2,024,

STOCKHOLDERS' DEFICIT	
Preferred stock, $.001 par value, authorized 5,000,000 shares, and 35,425 shares issued and outstanding at December 31, 2002 and March 31, 2002, respectively	
Common stock, $.001 par value, authorized 50,000,000 shares at December 31, 2002 and March 31, 2002, and 19,516,788 and 4,175,492 shares issued and outstanding, respectively	19,
Additional paid-in capital	4,189,
Deficit accumulated during development stage	(6,127,
Total Stockholders' Deficit	(1,918,
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 106,

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

MOBILEPRO CORP. AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(WITH CUMULATIVE TOTALS SINCE INCEPTION)

	NINE MONTHS ENDED		THREE MONTHS	
	December 31, 2002	December 31, 2001	December 31, 2002	D
OPERATING REVENUES				
Revenue	$ -	$ 299,994	$ -	
COST OF SALES	-	-	-	
GROSS PROFIT	-	299,994	-	
OPERATING EXPENSES				
Professional fees and compensation expenses	2,027,719	1,245,170	157,547	
Advertising and marketing expenses	2,430	3,173	-	
Research and development costs	4,996	188,518	-	
General and administrative expenses	39,656	69,940	2,977	
Office rent and expenses	71,260	109,700	7,245	

Travel and meals expenses	12,472	63,642	-
Depreciation and amortization	12,000	11,439	4,000
Total Operating Expenses	2,170,533	1,691,582	171,769
NET LOSS BEFORE OTHER INCOME (EXPENSE)	(2,170,533)	(1,391,588)	(171,769)
OTHER INCOME (EXPENSE)			
Forgiveness of debt	-	-	-
Interest expense	-	-	-
Other expense	(49,656)	-	(1,222)
Interest income	-	4,001	-
Total Other Income (Expense)	(49,656)	4,001	(1,222)
NET LOSS BEFORE PROVISION FOR INCOME TAXES	(2,220,189)	(1,387,587)	(172,991)
Provision for Income Taxes	-	-	-
NET LOSS APPLICABLE TO COMMON SHARES	(2,220,189)	$ (1,387,587)	$ (172,991)
NET LOSS PER BASIC AND DILUTED SHARES	$ (0.13007)	$ (0.28744)	$ (0.00886)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	17,068,691	4,827,421	19,516,788

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

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MOBILEPRO CORP. AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(WITH CUMULATIVE TOTALS SINCE INCEPTION)

	2002	2001	Cumulative Totals Since Inception
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss	$(2,220,189)	$(866,448)	$(6,127,784)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:			
Forgiveness of debt	-	-	(276,738)
Depreciation	12,000	-	12,000
Common stock issued for services	1,208,253	639,660	4,429,912

CHANGES IN ASSETS AND LIABILITIES			
(Increase) in accounts receivable	-	-	-
(Increase) in inventory	-	-	-
(Increase) in prepaid expenses and other assets	(62,000)	(1,900)	(62,000)
Increase in accounts payable and and accrued expenses	410,386	76,082	934,122
Total adjustments	1,568,639	713,842	5,037,296
NET CASH (USED IN) OPERATING ACTIVITIES	(651,550)	(152,606)	(1,090,488)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in amounts due to related parties	286,849	-	286,849
Acquisitions of fixed assets	-	(299)	-
	-		
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	286,849	(299)	286,849

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

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MOBILEPRO CORP. AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(WITH CUMULATIVE TOTALS SINCE INCEPTION)

	2002	2001	Cumulative Totals Since Inception
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from common stock issuances	$ -	$ -	$ 100
Proceeds from borrowings, net	-	-	394,730
Change in officer loan, net	-	-	44,262
Net proceeds from issuance of notes payable	366,000	154,055	366,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	366,000	154,055	805,092
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,299	1,150	1,453
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	154	66	-
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 1,453	$ 1,216	$ 1,453

SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:			
Issuance of common stock for:			
Services	$1,208,253	$639,660	$4,429,912

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

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

The condensed consolidated unaudited interim financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements and notes are presented as permitted on Form 10-QSB and do not contain information included in the Company's annual financial statements and notes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the March 31, 2002 audited financial statements and the accompanying notes thereto. While management believes the procedures followed in preparing these condensed consolidated financial statements are reasonable, the accuracy of the amounts are in some respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year.

These condensed consolidated unaudited financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present fairly the consolidated operations and cash flows for the periods presented.

Mobilepro Corp formerly Craftclick.com, Inc. was incorporated under the laws of the State of California in January 1999, as BuyIt.com, Inc. ("BuyIt"). From inception through March 31, 1999, the Company engaged in preliminary activities related to the set up of an Internet auction business. On April 16, 1999, the Company entered into an Agreement and Plan of Reorganization ("Plan") with Tecon, Inc. ("Tecon"), a Utah Corporation, wherein all of the outstanding shares and subscriptions of BuyIt were exchanged for 8,500,000 shares (for the outstanding shares of common stock of Tecon, and 245,997 shares (for the outstanding subscriptions) of common stock of Tecon. At the conclusion of all the transactions contemplated in the Plan, BuyIt shareholders and subscribers owned 8,745,997 shares of total outstanding shares of 12,179,249, or 71.9%. The survivor in the aforementioned combination was Tecon. However, the name of the surviving company was changed to BuyIt.com, Inc., simultaneously with the Plan. The combination of these two entities had been accounted for as a purchase. The Company changed its name to Craftclick.com, Inc., on January 4, 2000, as a result of changing its business strategy and focus-which was to become the premier destination for buyers and sellers of arts and crafts products and supplies through the use of Internet websites. However, the Company disposed of substantially all assets in February of 2001 when secured creditors foreclosed on loans to the Company.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

In April 2001, Craftclick.com, Inc. reorganized pursuant to a Plan of Merger wherein its domicile was changed from Utah to Delaware, and the common stock was reverse split on the basis of 1 new share for every 100 shares outstanding.

On June 6, 2001, Craftclick.com, Inc. merged with Mobilepro Corp a Delaware corporation as of June 1, 2001. Under the merger agreement, Mobilepro Corp merged into Craftclick.com, Inc. with Craftclick being the surviving corporation and the Certificate of Incorporation and By Laws of Craftclick being the constituent documents of the surviving corporation.

In July 2001, the Company changed its name to Mobilepro Corp.

On March 21, 2002, Mobilepro entered into an Agreement and Plan of Merger with NeoReach, Inc., a private Delaware company, pursuant to which a newly-formed wholly-owned subsidiary of Mobilepro merged into NeoReach in a tax-free transaction. NeoReach is a development stage company designing state of the art modem solutions to support third generation (3G) wireless communications systems. The merger was consummated on April 23, 2002. As a result of the merger, NeoReach is now a wholly-owned subsidiary of Mobilepro. On April 23, 2002, the company issued 12,352,129 shares of its common stock in a one-for-one tax-free stock exchange to the holders of NeoReach's common stock pursuant to the Agreement. This was a cash-less transaction and there were no payments or finder's fees involved. The Board of Directors determined the consideration to be a fair compensation to the NeoReach shareholders. The issuance of the shares were valued at a fair value of $6,546,628, based on the last trading price of $0.53 and assuming there was actual active trading of the stock at that time. The valuation of NeoReach in the merger agreement was based on several factors, as described in the table below excluding intangible assets and goodwill, including that over thirty-three man years of development efforts had been accumulated for achieving the prototype third generation modem boards for the base station applications, that a management team and engineering team were in place, that office and laboratory facilities were in place, that six patents had been filed or were already approved, and that contracts and relationships had already been established with potential customers both in the United States and Korea. The value of intangible assets and goodwill, such as contacts, relationships and potential customers, has not been included in the table below since it is difficult to estimate a real value, although it could be very significant, on these items. The transaction was concluded following arms-length negotiations.

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act. The related parties from both the Company and NeoReach were Messrs. Daniel Lozinsky, Arne Dunhem, Scott Smith and Ken Min. Mr. Daniel Lozinsky who was a controlling stockholder of Mobilepro also owned approximately 32.5% of NeoReach.

Approximate valuation of NeoReach, Inc. (Excluding Intangible Assets and Goodwill):

Personnel, engineering man effort, 33 man-years	$4.5M
Patents, awarded, allowed, pending, 6 each	$1.8M
Tangible assets	$0.2M
Total Valuation	$6.5M
	=====

Consistent with the accounting imposed on other purchase business combinations, the cost of reverse acquisitions should be measured at the fair value of the net assets acquired, or the value of the consideration paid, if more apparent. A special rule is that, if fair market value cannot be determined for the issuer's stock, and the transaction is valued at the fair market value of the issuer's net assets, no goodwill should be recognized in the transaction. Therefore, the transaction was valued at par value of $.001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Development Stage Company

Mobilepro Corp is a development stage company. The Company since April 23, 2002 has devoted substantially all of its efforts to researching and developing technology for the third generation wireless waves. Before the acquisition of NeoReach, Inc., Mobilepro Corp focused on the integration and marketing of complete mobile information solutions to the business market through strategic partnership with established firms already delivering information technology consulting, wireless service and vertical market application products and services.

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Revenue Recognition

The Company was a development stage company and had no revenues during the period reported. For the period going forward, the Management intends to adopt a new revenue policy as defined below.

The Company will recognize revenue both from sales of products and from service contracts. Revenue from product sales that contain embedded software will be recognized in accordance with the provisions of the American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition."

Revenue from product sales will be recognized based on the type of sales transactions as follows:

Shipments to Credit-Worthy Customers with No Portion of the Collection Dependent on Any Future Event: Revenues will be recorded at the time of shipment.

Shipments to a Customer without Established Credit: These transactions are primarily shipments to customers who are in the process of obtaining financing and to whom the Company has granted extended payment terms. Revenues will be deferred (not recognized) and no receivable will be recorded until a significant portion of the sales price is received in cash.

Shipments where a Portion of the Revenue is Dependent Upon Some Future Event: These consist primarily of transactions involving value-added resellers ("VAR") to an end user. Under these agreements, revenues will be deferred and no receivable will be recorded until a significant portion of the sales price is received in cash. On certain transactions, a portion of the payment is contingent upon installation or customer acceptance.

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Upon non-acceptance, the Customer may have a right to return the product. The Company will not recognize revenue on these transactions until these contingencies have lapsed.

Certain of the Company's product sales are sold with maintenance/service contracts. The Company will allocate revenues to such maintenance/service contracts based on vendor-specific objective evidence of fair value as determined by the Company's renewal rates. Revenue from maintenance/service contracts will be deferred and recognized ratably over the period covered by the contract.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash equivalents.

The Company maintains cash and cash equivalent balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to $100,000.

Income Taxes

Effective July 14, 2000, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 (the Statement), Accounting for Income Taxes. The Statement requires an asset and liability approach for financial accounting and reporting for income taxes, and the recognition of deferred tax assets and liabilities for the temporary differences between the financial reporting bases and tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The cumulative effect of this change in accounting for income taxes as of December 31, 2002 is $0 due to the valuation allowance.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for cash and cash equivalents, and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments.

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses the costs associated with advertising as incurred. Advertising and promotional expenses were approximately $2,430 and $3,173 for the nine months ended December 31, 2002 and 2001, respectively.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Furniture and equipment consist of the following at December 31, 2002:

Office Furniture and Computer Equipment	3 to 5 Years

There was $12,000 and $ -0- charged to operations for depreciation expense for the nine months ended December 31, 2002 and 2001, respectively.

Earnings (Loss) Per Share of Common Stock

Historical net income (loss) per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents were not included in the computation of diluted earnings per share when the Company reported a loss because to do so would be antidilutive for periods presented.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (Loss) Per Share of Common Stock (Continued)

The following is a reconciliation of the computation for basic and diluted EPS:

	DECEMBER 31, 2002	DECEMBER 31, 2001
Net loss	$(2,220,189)	$ (787,587)
Weighted-average common shares outstanding		
Basic	17,068,691	4,827,421

Weighted-average common stock equivalents:		
Stock options	-	-
Warrants	-	-
Weighted-average common shares outstanding (Diluted)	17,068,691	4,827,421

Options and warrants outstanding to purchase stock were not included in the computation of diluted EPS because inclusion would have been antidilutive.

Reclassifications

Certain amounts for the nine months ended December 31, 2001 have been reclassified to conform with the presentation of the December 31, 2002 amounts. The reclassifications have no effect on net income for the nine months ended December 31, 2001.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires companies to recognize all derivative contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of the gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. On June 30, 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 133 as amended by SFAS No. 137 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS No. 133 as amended by SFAS No. 137 and 138 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standard to have a material effect on its consolidated financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." SAB 101 provides guidance for revenue recognition under certain circumstances, and is effective during the first quarter of fiscal year 2001. SAB 101 is not expected to have a material effect on the consolidated results of operations, financial position and cash flows.

On March 16, 2000, the Emerging Issues Task Force issued EITF 99-19 "Recording Revenue as a Principal versus Net as an Agent" which addresses the issue of how and when revenues should be recognized on a Gross or Net method as the title implies. The emerging Issues Task Force has not reached a consensus but sites SEC Staff Accounting Bulletin 101. EITF 99-19 does not affect the consolidated financial statements.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On July 20, 2000, the Emerging Issues Task Force issued EITF 00-14 "Accounting For Certain Sales Incentives" which establishes accounting and reporting requirements for sales incentives such as discounts, coupons, rebates and free products or services. Generally, reductions in or refunds of a selling price should be classified as a reduction in revenue. For SEC registrants, the implementation date is the beginning of the fourth quarter after the registrant's fiscal year end December 15, 1999. EITF 00-14 does not affect the consolidated financial statements.

In June 2001, the FASB issued Statement No. 142 "Goodwill and Other Intangible Assets". This Statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This statement does not affect the consolidated financial statements.

NOTE 3- GOING CONCERN

As shown in the accompanying condensed consolidated financial statements the Company has sustained substantial net operating losses for the year ended March 31, 2002 and the period December 31, 2002 and periods prior. There is no guarantee that the Company will be able to raise enough capital or generate revenues to sustain its operations.

Management has received a commitment from Cornell Capital Partners, L.P. to provide the Company with up to $10 million in financing under certain conditions.

Additionally, assuming that the Company receives the full $10 million from Cornell Capital, the Company believes that the amount will be sufficient enough to implement NeoReach, Inc. its subsidiary's Plan over the next two years.

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 4- STOCKHOLDERS DEFICIT

The following details the stock transactions for the period April 1, 2002 through December 31, 2002.

Common Stock

On April 23, 2002, we issued 12,352,129 shares of our common stock to the holders of NeoReach's common stock pursuant to an Agreement and Plan of Merger, dated March 21, 2002. A newly formed, wholly-owned subsidiary of Mobilepro merged into NeoReach, in a tax-free one-for-one share exchange transaction. The merger was consummated on April 23, 2002. As a result of the merger, NeoReach is now a wholly-owned subsidiary of Mobilepro. The issuance of the shares were valued at a fair value of $6,546,628, based on the last trading price of $0.53 and assuming there was actual active trading of our stock at that time. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

Consistent with the accounting imposed on other purchase business combinations, the cost of reverse acquisitions should be measured at the fair value of the net assets acquired, or the value of the consideration paid, if more apparent. A special rule is that, if fair market value cannot be determined for the issuer's stock, and the transaction is valued at the fair market value of the issuer's net assets, no goodwill should be recognized in the transaction. Therefore, the transaction was valued at par value of $.001.

On May 31, 2002, the Company issued a total of 690,000 shares of its common stock to the following parties: 450,000 shares to INFe, Inc., 150,000 shares to Thomas Richfield, 60,000 shares to Francine Goodman, and 30,000 shares to Triple Crown Consulting. These shares were issued for consulting services regarding the Mobilepro-NeoReach merger. The issuance of the shares were valued at $317,400,the fair value of our stock at that time. The Company believes the value of the services provided were commensurate with the value of the stock issued. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On June 10, 2002, the Company issued a total of 784,314 shares of its common stock to the following parties: 764,706 to Cornell Capital Partners, LP and 19,708 to Westrock Advisors, Inc. These shares were issued pursuant to an equity line of credit arrangement with Cornell Capital Partners, dated May 31, 2002. The issuance of the shares were valued at $517,647, the fair value of our stock at that time. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

DECEMBER 31, 2002 AND 2001

NOTE 4- STOCKHOLDERS DEFICIT (CONTINUED)

On July 18, 2002, the Company issued a total of 305,000 shares of our common stock to various parties. 160,000 shares of the restricted common stock was issued to Daniel Lozinsky, a director of the corporation, in a private sale for an aggregate cash consideration of $39,000 based on a Board Resolution as of July 17, 2002. In addition, the Company also issued 20,000 shares of common stock under the 2001 Equity Performance Plan and 100,000 restricted common stock as compensation to Mark Johnson for various merger and acquisition related services and associated back office services in accordance with a Consulting Agreement dated July 17, 2002. The Company also issued 25,000 shares of restricted common stock as compensation to M. Johnson & Associates, Inc. for certain services in accordance with an Investor Relations Agreement dated July 17, 2002. The issuance of the shares was valued at $65,250, the fair value of the stock at that time. The Company believes the value of the services provided were commensurate with the value of the stock issued. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On July 26, 2002, the Company issued a total of 500,000 shares of its restricted common stock to Capital Research Group, Inc. for certain investor relations consulting services in accordance with a Consulting Group Agreement dated July 25, 2002. The issuance of the shares was valued at $220,000, the fair value of the stock at that time. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

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MOBILEPRO CORP AND SUBSIDIARY
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 4- STOCKHOLDERS DEFICIT (CONTINUED)

On September 4, 2002, the Company issued a total of 709,853 shares of its common stock to various parties. 100,000 shares were issued to Hee Han Bang, a non-affiliated and accredited/sophisticated investor in a private sale for an aggregate cash consideration of $25,000. These shares were issued at $0.25 per share based on a Board Resolution fixing the value of the securities on and as of August 9, 2002. 150,000 shares of the common stock was issued to Daniel Lozinsky, a director of the Corporation, in a private sale for an aggregate cash consideration of $15,000. These shares were issued based on a Board Resolution as of August 20, 2002. The Company issued a total of 209,853 shares of its common stock to shares of INFe, Inc. based on a Board Resolution as of August 19, 2002. These shares were issued for consulting services in connection with the Mobilepro-NeoReach merger and a Reverse Merger Engagement Agreement dated January 11, 2002 between Neo-Reach, Inc. and INFe, Inc. The issuance of the shares was valued at $62,956, the fair value of the stock at that time. The Company also granted a total of 250,000 shares of our restricted common stock to Parag Sheth, an executive of the Corporation. Parag Sheth was granted 150,000 shares of the Company's restricted common stock for forgiving a total of $15,000 in salary corresponding to a price of $0.10 per share and he was also granted 100,000 shares of the Company's restricted common stock as an inducement for providing services for the Corporation. These shares were issued based on a Board Resolution as of August 20, 2002 and the issuance of the shares was valued at $25,000. The Company believes the value of the services provided were commensurate with the value of the stock issued. The Company beleives the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

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NOTE 5- PATENTS

As of January 23, 2003, the Company has filed a total of six patent applications which were pending with the U.S. Patent and Trademark Office (PTO) in the area of "Smart Antenna" technology. As of January 23, 2003, the Company has been granted approval of five patents and one patent application is still pending approval. The five approved patents are as follows:

"Smart Antenna with Adaptive Convergence Parameter" with PTO Patent Number 6,369,757, issued April 9, 2002; "A Smart Antenna With No Phase Calibration For CDMA Reverse Link" with PTO Patent Number 6,434,375 issued August 13, 2002; "PN Code Acquisition With Adaptive Antenna Array and Adaptive Threshold for DS-CDMA Wireless Communication" with PTO Patent Number 6,404,803, issued June 11, 2002; "New Cellular Architecture ofr Code Division Multiple Access SMOA Antenna Array Systems" with PTO Patent Number 6,459,895, issued October 1, 2002; and "Direction of Arrival Angel Tracking Algorithm For Smart Antennas" with PTO Patent Number 6,483,459, issue date November 19, 2002.

"Improvement of PN Code Chip Time Tracking with Smart Antenna", a patent application filed on February 6, 2002 with Docket #3228-007-64 and serial number 10/066,762 is pending - awaiting first Office Action from Patent Office.

In addition, the Company also has two other patent applications pending which are referred to as "Wireless Communication System and Method of Providing Wireless Communication Service" with specific descriptions to include "Device and Method for Changing the Orientation and Configuration of a Display of an Electronic Device" and "Electronic Device Having Multiple Service Functionality". Both of these pending patent applications relate to the business of the Company before the merger with NeoReach. The Company does not intend to pursue business related to these patents and intends to assign the patents to the inventor and former president of Mobilepro.

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NOTE 6- COMMITTMENTS

In April 2002, NeoReach, Inc. established a technology alliance with Prime Circuits, Inc. Prime Circuits is a privately-held semiconductor developer based in Greenbelt, MD that specializes in ultra small, ultra low power analog, digital and hybrid chipsets. Prime Circuits' technology is currently in use in a number of NASA applications at Goddard Space Flight Center.

As part of the alliance, NeoReach will gain access to technical knowledge, personnel and low power semiconductor technology that NeoReach believes will greatly expand its digital modem suite. This solution targets the consumer handsets and network transmission base stations to support 3G communications.

On May 10, 2002 the Company announced that Arne Dunhem was appointed the Chairman, President and CEO of Mobilepro Corp. Mr. Dunhem has over 28 years of experience in the growth of high technology companies, especially in the telecommunications field.

On May 31, 2002, the Company entered into an equity line of credit arrangement with Cornell Capital Partners, L.P. that was terminated on October 16, 2002 and re-entered on the same day October 16, 2002. This agreement was in turn terminated on February 6, 2003 and re-entered the same day February 6, 2003. The equity line provides generally, that Cornell will purchase up to $10 million of common stock over a two-year period, with the time and amount of such purchases, if any, at the Company's discretion.

There are certain conditions applicable to the Company's ability to draw down on the equity line including the filing and effectiveness of a registration statement registering the resale of all shares of common stock that may be issued to Cornell under the equity line and the Company's adherence with certain covenants.

The Company on May 31, 2002, entered into a Securities Purchase Agreement with certain investors pursuant to which the Company issued and sold $250,000 of convertible debentures. The debentures accrue interest at the rate of four percent (4%) per year. Holders of the debentures have certain registration rights with respect to the resale of shares of common stock received upon any conversion of the debentures.

NOTE 7 - LEGAL PROCEEDINGS

Mr. Tatcha Chulajata, a former employee of NeoReach, Inc. filed a formal complaint against the company on October 29, 2002 with the State of Maryland, Department of Labor, Licensing and Regulation for a claim for unpaid wages. The employee claims a total of $49,866.67 for unpaid wages from August 2001 through October 2002. Mr. Chulajata was employed by NeoReach, Inc. on July 15, 2000 as Senior Engineer and he resigned in October 2002. Due to financial difficulties encountered by the Company in 2001 and 2002, Mr. Chulajata received a reduced salary. The Company is negotiating a settlement with the employee with respect to the claim.

Mobilepro and Neoreach, Inc. were on December 31, 2002 served with three complaints in the United States District Court for the District of Maryland in three separate actions seeking relief for failure to pay wages and breach of contract. The three plaintiffs are in the three separate actions seeking relief of approximately $59,334.67, $65,383.34 and $60,750.00 respectively. The three plaintiffs are former employees of NeoReach, Inc., Mr. Mann Hyuk Park, Mr. Sang Humn Lee and Mr. Yang Hoon Jung, were employed as Senior or Principal Engineers since September 2001, June 2000 and August 2001, respectively. Due to financial difficulties encountered by the Company in 2001 and 2002, the three individuals received reduced salaries. The Company is currently negotiating settlements with the employees with respect to the claims.

Mr. Scott R. Smith, a former executive of NeoReach, Inc. filed a formal complaint against the company on January 10, 2003 with the State of Illinois, Department of Labor for a claim for unpaid wages. The former executive claims a total of $97,335 for unpaid wages from February 2002 through August 2002. Mr. Smith was employed by NeoReach, Inc. on February 19, 2002 as Executive Vice President and his employment agreement expired on August 18, 2002. Due to financial difficulties encountered by the Company in 2002, Mr. Smith's salary was deferred as part of an agreement between Mr. Smith and the Company. A settlement agreement was mutually signed and executed on August 30, 2002. The Company intends to vigorously defend its position and intends to adher to the settlement agreement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward Looking Statements

When used in this Form 10QSB and in future filings by Mobilepro Corp. with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or we expect," "will continue," "is anticipated," "estimated," or similar expression or use of the future tense, are intended to identify forward looking statements. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. These statements are subject to risks and uncertainties, some of which are described below and others are described in other parts of this Form 10QSB. Actual results may differ materially from historical earnings and those presently anticipated or projected. We have no obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements.

Business History

Mobilepro is a development stage company and currently trades on the Bulletin Board under the stock symbol "MOBL". The following is a brief history of the Company.

Mobilepro was incorporated on July 14, 2000 and was focused on the integration and marketing of complete mobile information solutions that satisfy the needs of mobile professionals.

The company with which Mobilepro merged in June of 2001 was first organized in June 1988 as Bud Corp. Bud Corp. changed its name to Tecon, Inc. in July 1992, then to Buyit.com, Inc. in May 1999 and finally to CraftClick.com, Inc. on January 4, 2000. CraftClick's business strategy and focus was to become the premier destination for buyers and sellers of arts and crafts products and supplies through the use of Internet websites. Due to the lack of adequate funding and the lack of generating enough Internet traffic to achieve profitability, CraftClick began to cease business operations in October 2000.

CraftClick subsequently disposed of substantially all of its assets in February 2001 when secured creditors foreclosed on outstanding loans made to CraftClick.

In April 2001, CraftClick reorganized pursuant to a Plan of Merger wherein its domicile was changed from Utah to Delaware, and the common stock was subject to a reverse split on the basis of 1 new share for every 100 shares outstanding. On June 6, 2001, CraftClick and Mobilepro entered into an Agreement and Plan of Merger dated June 1, 2001 ("CraftClick Merger Agreement"). Under the CraftClick Merger Agreement, Mobilepro merged with and into CraftClick, with CraftClick being the surviving corporation. On July 9, 2001, the name of the surviving corporation was changed to Mobilepro Corp.

On November 19, 2001, Mobilepro implemented a 200 for 1 reverse stock split of its Common Stock. There were no fractional shares issued. Concurrent with the reverse stock split, Mobilepro issued 3,000,000 new shares of Common Stock to Dungavel, Inc., pursuant to an Investor Rights Agreement, which the Company entered into with Dungavel on June 1, 2001 as part of the merger with CraftClick.

On February 19, 2002, the Company entered into a Stock Purchase Agreement with Mr. Daniel Lozinsky and Dungavel, Inc., and another Stock Purchase Agreement with Mr. Daniel Lozinsky, Ms. Joann Smith and Mr. Scott Smith. Dungavel, Inc., Ms. Joann Smith and Mr. Scott Smith were all significant stockholders of the Company at the time. Pursuant to these two stock purchase agreements, Mr. Lozinsky acquired an aggregate of 2,057,733 shares of Mobilepro Common Stock, representing approximately 64.7% of the Company's voting securities at that time. On February 28, 2002, Mr. Scott Smith resigned as the President, CEO and Chairman of the Company, and Mr. Lozinsky became the President and CEO of the Company. On May 10, 2002, Mr. Arne Dunhem became the Company's President, CEO and Chairman and Mr. Lozinsky became our Senior Vice President.

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On March 21, 2002, Mobilepro entered into an Agreement and Plan of Merger with NeoReach, Inc., a private Delaware company, pursuant to which a newly-formed, wholly-owned subsidiary of Mobilepro merged into NeoReach in a tax-free transaction. NeoReach is a development stage company designing state of the art modem solutions to support third generation (third generation) wireless communications systems. The merger was consummated on April 23, 2002. As a result of the merger, NeoReach is now a wholly-owned subsidiary of Mobilepro. On April 23, 2002, the Company issued 12,352,129 shares of its common stock in a one-for-one tax-free stock exchange to the holders of NeoReach's common stock pursuant to the Agreement. This was a cash-less transaction and there were no payments or finder's fees involved. The Board of Directors determined the consideration to be a fair compensation to the NeoReach shareholders. The issuance of the shares were valued at a fair value of $ 6,546,628, based on the last trading price of $0.53 and assuming there was actual active trading of our stock at that time. The valuation of NeoReach in the merger agreement was based on several factors, as described in the table below excluding intangible assets and goodwill, including that over thirty-three man-years of development efforts had been accumulated for achieving the prototype third generation modem boards for the base station applications, that a management team and engineering team were in place, that office and laboratory facilities were in place, that six patents had been filed or were already approved, and that contacts and relationships had already been established with potential customers both in the United States and Korea. The value of intangible assets and goodwill, such as contacts, relationships and potential customers, has not been included in the table below since it is difficult to estimate a real value, although it could be very significant, on these items. The transaction was concluded following arms-length negotiations. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act. The related parties from both the Company and NeoReach were Messrs. Daniel Lozinsky, Arne Dunhem, Scott Smith and Ken Min. Mr. Daniel Lozinsky who was a controlling stockholder of Mobilepro also owned approximately 32.5% of NeoReach.

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Approximate valuation of Neoreach, Inc. (Excluding Intangible Assets and Goodwill)

Item	Approx. Value
Personnel, engineering man effort, 33 man-years	$4.5 M
Patents, Awarded, Allowed, Pending, 6 each	$1.8 M
Tangible Assets	$0.2 M
Total Valuation (Excluding Intangible Assets and Goodwill)	$6.5 M

Business Strategy

We are a development stage company and therefore, the following business strategy contains forward-looking information and we can give no assurances that we will be able to accomplish these goals, generate sufficient revenues to be profitable, obtain adequate capital funding or continue as a going concern. Our independent auditors have issued a going-concern opinion for the year ended March 31, 2002 and March 31, 2001 (See "Financial Statements and Supplementary Data").

Upon successful completion of the NeoReach/Mobilepro merger, the business strategy, direction and focus of the former NeoReach became the dominant operating focus of the new Mobilepro. The former business model and marketplace offering of Mobilepro ceased entirely. After the merger, Mobilepro has been notified by the Patent and Trademark Office that five of the six patent applications that had been filed by NeoReach had been approved and that the review process was still underway for the remaining one patent application.

In addition to being granted the approval on these two out of five patents, the Company continued to make progress on design of the various technical features for the base station modem. In April of 2002, the Company began working with leading scientists at the RF Microelectronics Lab (RFIC) at Korea's Information and Communications University in South Korea, to test some modem and radio frequency integrated circuit development advancements. The first phase of the simulation testing focused principally on the Company's proprietary 3G radio frequency technology.

As result of the design effort to date, we believe that a preliminary version of the base station modem will be ready for field evaluation during the first quarter of 2003 with a multi-channel modem semi-conductor integrated circuit chip to be commercially available by the end of 2003. The chip is anticipated to be designed and developed by the Company, but we will expect the chip to be manufactured by a third party offshore it. Once this development milestone is reached, the Company believes that it can have the completed design for the handset modem chip commercially available by the end of 2004.

The long-term product vision is founded on product line extensions that leverage the current technology and expertise in 3G. We intend to add new products to the development schedule if market success with the modem solutions is demonstrated and based on the market timing and future competitive landscape.

Mobilepro believes it can be successful in the 3G wireless modem market for two key reasons: 1) capitalizing on an early-to-market advantage with advanced capabilities; and, 2) maintaining narrowly focused product and market strategy on its two core solutions. We believe that all the other vendors must rationalize 3G development, sales and marketing resources among a larger product line and among an installed base of customers utilizing other products for which upgrades are expected and required.

We also anticipate to review opportunities arising for strategic partnerships or possible acquisitions to increase our product and service offerings. Given the increased demand for wireless remote monitoring of industrial machinery, corporate computer networks, and various facilities at widely dispersed global locations in combination with the data processing of all gathered information, the Company intends to explore possible opportunities in this arena. We intend to consider licensing or teaming arrangements for the Company's technology working with other industry players in addition to potential acquisition opportunities. No funds have been allocated for these new initiatives.

NeoReach has signed a memorandum of understanding with RF Microelectronics Laboratory of the Information and Communications University of the Republic of Korea to cooperate in research, particularly in radio frequency integrated circuit development for the 3G W-CDMA standard. This specific integrated circuit, chipset, which is expected to support the W-CDMA standard, is also a required component in the consumer handsets and base stations managed by the mobile operators to support 3G wireless services. This co-development initiative has the potential to expand the NeoReach product suite beyond the Company's modem solutions currently in development and testing. This memorandum of understanding is non-binding on either party and additional agreements are necessary before the parties may collaborate together.

We have also announced a strategic technology alliance with Prime Circuits, Inc. of Maryland, a semiconductor development company. As part of the alliance, we expect to gain access to technical knowledge, personnel and low power semiconductor technology. This solution may target the consumer handsets and network transmission base stations to support 3G communications. As of December 9, 2002, no material terms of an agreement have yet been developed. There is no affiliation between Prime Circuits and our Company, its officers, directors and/or affiliates. The completion of an agreement is pending a joint review of mutual additional business opportunities and the current nature of the relationship is still under discussion.

Financial Condition and Changes in Financial Condition

Overall Operating Results:

We had no revenues for the quarter ended December 31, 2002.

Our operating expenses for the quarter ended December 31, 2002 were approximately $171,769. Our primary expense was incurred for Professional fees and compensation expenses of $157,547 compared with $560,056 for the three months ended December 31, 2001. Of this amount, no common stock in lieu of cash was issued in connection with consulting fees and expenses for services rendered. Approximately $150,000 in expenses was for on-going compensation expenses.

Operating Losses

Our net operating loss for the quarter ended December 31, 2002 was approximately $172,991. These losses were incurred primarily as a result of the aforementioned incurred expenses.

We have accumulated approximately $6,127,784 of net operating loss carryforwards as of December 31, 2002, that may be offset against future taxable income. There will be limitations on the amount of net operating loss carryforwards that can be used due to the change in the control of the management of the Company. No tax benefit has been reported in the financial statements, because we believe there is a 50% or greater chance the carryforwards will expire unused. Accordingly, the potential tax benefits of the loss carryforwards is offset by a valuation allowance of the same amount.

Liquidity and Capital Resources:

As of December 31, 2002, we had a total Stockholders' Deficit of approximately $1,918,627 and do not currently have any revenues, liquidity or capital resources as we move forward with our business plan and our independent auditors have issued an audit opinion as of March 31, 2002 that raises substantial doubt as to our ability to continue as a going concern. We will need additional financing in order to implement our business plan and continue business. The traditional markets for raising capital have become extremely more difficult in the last year due to a depressed economy, large well-known business failures and the events of September 11, 2001.

The Company will need additional financing and may use a private placement offering or debt financing to raise such additional funds, to be used for the following:

- Investment in laboratory facilities including test and simulation equipment;
- Acquisition or licensing of certain intellectual property related to the development of modems and communications semiconductor and component technology;
- Pay-down certain debt, such as a convertible debenture from Cornell Capital. We intend to pay-off debt owed to Mr. Daniel Lozinsky, a Director,

and Mr. Arne Dunhem, an officer and Director, during 2003; and

o General working capital purposes.

We are in the process of establishing a source for additional financing and we cannot give any assurances that we will be able to secure any financing.

On October 16, 2002, the Company entered into an equity line of credit arrangement (the "Equity Line") with Cornell Capital Partners, LP ("Cornell"). This agreement was in turn terminated on February 6, 2003 and re-entered the same day February 6, 2003. The Equity Line provides, generally, that Cornell will purchase up to $10 million of Common Stock over a two-year period, with the timing and amount of such purchases, if any, at the Company's discretion. Any shares of Common Stock sold under the Equity Line will be priced at a 9% discount to the lowest closing bid price of the Common Stock during the five-day period following the Company's notification to Cornell that it is drawing down on the Equity Line. The Company is not permitted to draw down more than $450,000 in any 30-day calendar period. In addition, there are certain other conditions applicable to the Company's ability to draw down on the Equity Line including the filing and effectiveness of a registration statement registering the resale of all shares of Common Stock that may be issued to Cornell under the Equity Line and the Company's adherence with certain covenants. At the time of each draw down, the Company is obligated to pay Cornell a fee equal to three percent of amount of each draw down.

In addition, on May 31, 2002, the Company entered into a Securities Purchase Agreement with certain investors pursuant to which the Company issued and sold $250,000 of convertible debentures (the "Debentures"). The Securities Purchase Agreement contemplates the sale of up to an additional $250,000 of Debentures. The Debentures accrue interest at the rate of four percent per year. The Debentures must be repaid two years following their issuance or, at the Company's election, converted into shares of Common Stock. In addition, at any time, the holders of the Debentures may elect to convert their debt into Common Stock. If, at the time of conversion, the Common Stock is listed on the Nasdaq Bulletin Board System, Nasdaq SmallCap Market, or American Stock Exchange, the conversion price will be 120% of the closing bid price. If, at the time of conversion, the Common Stock is not listed on any of the foregoing markets, the conversion price will be 80% of the closing bid price of the Common Stock as furnished by the National Association of Securities Dealers, Inc. The Debentures also provide the Company with certain redemption rights which, if exercised, will require the Company to issue Common Stock warrants to the Debenture holders. Holders of the Debentures have certain registration rights with respect to the resale of shares of Common Stock received upon any conversion of the Debentures.

Employees

We currently employ four people. Mr. Arne Dunhem is our President, Chief Executive Officer and Chairman. We anticipate that we will need additional persons to fill administrative, sales and technical positions if we are successful in raising the capital to implement our business plan.

New Accounting Pronouncements

We have adopted FASB Statement 128. It is not expected that we will be impacted by other recently issued standards. FASB Statement 128 presents new standards for computing and presenting earnings per share (EPS). The Statement is effective for financial statements for both interim and annual periods ending after December 15, 1997.

FASB Statement 131 presents news standards for disclosures about segment reporting. We do not believe that this accounting standard applies to us as all of our operations are integrated for financial reporting and decision-making purposes.

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Inflation

The Company's results of operations have not been affected by inflation and management does not expect inflation to have a significant effect on its operations in the future.

Recent Events

On July 18, 2002, the Company issued a total of 160,000 shares of its common stock for the forgiveness of $39,000 of advances from an officer of the Company. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On July 18, 2002, the Company issued a total of 645,000 shares of its common stock for consulting services to be performed. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On August 6, 2002, the Company announced that it has signed a Memorandum of Understanding (MOU) with the RF Microelectronics Laboratory (RFME Lab) at the Information and Communications University in South Korea to cooperate in research, particularly in RF-CMOS ASICs development for RF transceiver of the 3G W-CDMA standard. Under the MOU, engineering teams from NeoReach and RFME Lab will devote joint research and design expertise, staffing, facilities resources, project management, and testing for the development of an RF CMOS -- a radio frequency ASIC chipset. This specific chipset, which will support the W-CDMA standard, is also a required component in the consumer handsets and base stations managed by the mobile operators to support 3G wireless services. This co-development initiative has the potential to expand the NeoReach product suite beyond the Company's modem solutions currently in development and testing

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Mr. Tatcha Chulajata, a former employee of NeoReach, Inc. filed a formal complaint against the company on October 29, 2002 with the State of Maryland, Department of Labor, Licensing and Regulation for a claim for unpaid wages. The employee claims a total of $49,866.67 for unpaid wages from August 2001 through October 2002. Mr. Chulajata was employed by NeoReach, Inc. on July 15, 2000 as Senior Engineer and he resigned in October 2002. Due to financial difficulties encountered by the Company in 2001 and 2002, Mr. Chulajata received a reduced salary. The Company is negotiating a settlement with the employee with respect to the claim.

Mobilepro and Neoreach, Inc. were on December 31, 2002 served with three complaints in the United States District Court for the District of Maryland in three separate actions seeking relief for failure to pay wages and breach of contract. The three plaintiffs are in the three separate actions seeking relief of approximately $59,334.67, $65,383.34 and $60,750.00 respectively. The three plaintiffs are former employees of NeoReach, Inc., Mr. Mann Hyuk Park, Mr. Sang Humn Lee and Mr. Yang Hoon Jung, were employed as Senior or Principal Engineers since September 2001, June 2000 and August 2001, respectively. Due to financial difficulties encountered by the Company in 2001 and 2002, the three individuals received reduced salaries. The Company is currently negotiating settlements with the employees with respect to the claims.

Mr. Scott R. Smith, a former executive of NeoReach, Inc. filed a formal complaint against the company on January 10, 2003 with the State of Illinois, Department of Labor for a claim for unpaid wages. The former executive claims a total of $97,335 for unpaid wages from February 2002 through August 2002. Mr. Smith was employed by NeoReach, Inc. on February 19, 2002 as Executive Vice President and his employment agreement expired on August 18, 2002. Due to financial difficulties encountered by the Company in 2002, Mr. Smith's salary was deferred as part of an agreement between Mr. Smith and the Company. A settlement agreement was mutually signed and executed on August 30, 2002. The Company intends to vigorously defend its position and intends to adher to the settlement agreement.

ITEM 2. CHANGES IN SECURITIES

On April 23, 2002, the Company issued 12,352,129 shares of its common stock to the holders of NeoReach's common stock pursuant to an Agreement and Plan of Merger, dated March 21, 2002. A newly formed, wholly-owned subsidiary of Mobilepro merged into NeoReach, in a tax-free one-for-one share exchange transaction. The merger was consummated on April 23, 2002. As a result of the merger, NeoReach is now a wholly-owned subsidiary of Mobilepro. The issuance of the shares were valued at a fair value of $ 6,546,628, based on the last trading price of $0.53 and assuming there was actual active trading of our stock at that time. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On May 31, 2002, the Company issued a total of 690,000 shares of its common stock to the following parties: 450,000 shares to INFe, Inc., 150,000 shares to Thomas Richfield, 60,000 shares to Francene Goodman, and 30,000 shares to Triple Crown Consulting. These shares were issued for consulting services regarding the Mobilepro-NeoReach merger. The issuance of the shares were valued at $ 317,400, the fair value of our stock at that time. We believe the value of the services provided were commensurate with the value of the stock issued. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On June 10, 2002, the Company issued a total of 784,314 shares of its common stock to the following parties: 764,706 to Cornell Capital Partners and 19,708 to West Rock Advisors, Inc. These shares were issued pursuant to an equity line of credit arrangement with Cornell Capital Partners, dated May 31, 2002. The issuance of the shares were valued at $517,647, the fair value of our stock at that time. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

In addition, on May 31, 2002, the Company entered into a Securities Purchase Agreement with certain investors pursuant to which the Company issued and sold $250,000 of convertible debentures (the "Debentures"). The Debentures accrue interest at the rate of four percent per year. The Debentures must be repaid two years following their issuance or, at the Company's election, converted into shares of Common Stock. In addition, at any time, the holders of the Debentures may elect to convert their debt into Common Stock. If, at the time of conversion, the Common Stock is listed on the Nasdaq Bulletin Board System, Nasdaq SmallCap Market, or American Stock Exchange, the conversion price will be 120% of the closing bid price or an amount equal to eighty percent of the average of the four lowest closing bid prices of the common stock for the five trading days immediately preceding the conversion date. If, at the time of conversion, the Common Stock is not listed on any of the foregoing markets, the conversion price will be 80% of the closing bid price of the Common Stock as furnished by the National Association of Securities Dealers, Inc. The Debentures also provide the Company with certain redemption rights which, if exercised, will require the Company to issue Common Stock warrants to the Debenture holders. Holders of the Debentures have certain registration rights with respect to the resale of shares of Common Stock received upon any conversion of the Debentures. As of August 15, 2002, the Debentures can be converted into 1,041,667 shares of the Company's common stock.

On July 18, 2002, we issued a total of 305,000 shares of our common stock to various parties. 160,000 shares of our restricted common stock were issued to Daniel Lozinsky, a director of the Corporation, in a private sale for an aggregate cash consideration of $39,000 based on a Board Resolution as of July 17, 2002. In addition, we also issued 20,000 shares of common stock under the 2001 Equity Performance Plan and 100,000 restricted common stock as compensation to Mark Johnson for various Merger and Acquisition related services and associated back office services in accordance with a Consulting Agreement dated July 17, 2002. We also issued 25,000 shares of restricted common stock as compensation to M. Johnson & Associates, Inc. for certain services in accordance with an Investor Relations Agreement dated July 17, 2002. The issuance of the shares was valued at $65,250, the fair value of our stock at that time. We believe the value of the services provided were commensurate with the value of the stock issued. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On July 26, 2002, we issued a total of 500,000 shares of our restricted common stock to Capital Research Group, Inc. for certain investor relations consulting services in accordance with a Consulting Services Agreement dated July 25, 2002. The issuance of the shares was valued at $220,000, the fair value of our stock at that time. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On September 9, 2002, we issued a total of 709,853 of our common stock to various parties. 100,000 shares were issued to Hee Han Bang, a non-affiliated and accredited/sophisticated investor in a private sale for an aggregate cash consideration of $25,000. These shares were issued at $0.25 per share based on a Board Resolution fixing the value of the securities on and as of August 09,

2002. 150,000 shares of our common stock were issued to Daniel Lozinsky, a director of the Corporation, in a private sale for an aggregate cash consideration of $15,000. These shares were issued based on a Board Resolution as of August 20, 2002. We issued a total of 209,853 shares of our common stock to shares to INFe, Inc. based on a Board Resolution as of August 19, 2002. These shares were issued for consulting services in connection with the Mobilepro NeoReach merger and a Reverse Merger Engagement Agreement dated January 11, 2002 between NeoReach, Inc. and INFe, Inc. The issuance of the shares was valued at $62,956, the fair value of our stock at that time. We also granted a total of 250,000 shares of our restricted common stock to Parag Sheth, an executive of the Corporation. Parag Sheth was granted 150,000 shares of our restricted common stock for forgiving a total of $15,000.00 in salary corresponding to a price of $0.10 per share and he was also granted 100,000 shares of our restricted common stock as an inducement for providing services for the Corporation. These shares were issued based on a Board Resolution as of August 20, 2002 and the issuance of the shares was valued at $25,000. We believe the value of the services provided were commensurate with the value of the stock issued. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

a) Exhibits

2.1 Articles of Merger of CraftClick.com, Inc. (a Utah corporation) and CraftClick.com, Inc. (a Delaware corporation) (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on May 11, 2001 (File No. 333-60726))

2.2 Plan of Merger of CraftClick.com, Inc. (a Utah corporation) with and into CraftClick.com, Inc. (a Delaware corporation) (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on May 11, 2001 (File No. 333-60726))

2.3 Agreement and Plan of Merger dated as of June 1, 2001, between CraftClick.Com, Inc. a Delaware corporation, and Mobilepro Corp., a Delaware corporation, (incorporated by reference to the Company's Form 8-K Current Report as filed with the Securities and Exchange Commission on June 20, 2001 (File No. 002-97869-D))

2.4 Agreement and Plan of Merger dated March 21, 2002, consummated April 23, 2002, between NeoReach, Inc., a Delaware company and Mobilepro. (incorporated by reference to the Company's Form 8-K Current Report as filed with the Securities and Exchange Commission on April 5, 2002 (File No. 002-97869-D)

3.1 Certificate of Incorporation of CraftClick.com, Inc. (a Delaware corporation) (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on May 11, 2001 (File No. 333-60726))

3.2 By-Laws of CraftClick.com, Inc. (a Delaware corporation) (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on May 11, 2001 (File No. 333-60726))

3.3 Certificate of Amendment of Certificate of Incorporation of Mobilepro Corp. (a Delaware corporation) (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on December 4, 2001 (File No. 333-74492))

4.1 2001 Performance Equity Plan (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on May 11, 2001 (File No. 333-60726))

4.2 2001 Equity Performance Plan (incorporated by reference to the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on December 4, 2001 (File No. 333-74492))

10.1 Stock Purchase Agreement dated February 19, 2002 with Mr. Daniel Lozinsky and Dungavel, Inc., and another Stock Purchase Agreement dated February 19, 2002 with Mr. Daniel Lozinsky, Ms. Joann Smith and Mr. Scott Smith. (incorporated by reference to the Company's Form 8-K Current Report as filed with the Securities and Exchange Commission on March 6, 2002 (File No. 002-97869-D))

10.2 Memorandum of Understanding between Neoreach, Inc., and RF Microelectronics Laboratory dated July 31, 2002 for opportunities to cooperate in research, particularly in RF-CMOS ASICs development for RF transceiver of 3G W-CDMA standard. The ASICs will be fabricated in CMOS processes. (incorporated by reference to the Company's Form 10QSB/A Quarterly Report as filed with the Securities and Exchange Commission on October 4, 2002 (File No. 002-97869-D))

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99.1 Certification by Arne Dunhem, Chief Executive Officer and Chief Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (included herewith)

b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K dated April 5, 2002 with the Securities and Exchange Commission on March 21, 2002, consummated April 23, 2002. On March 21, 2002, NeoReach, Inc., a Delaware company and Mobilepro entered into an Agreement and Plan of Merger pursuant to which a newly formed, wholly-owned subsidiary of Mobilepro would merge into NeoReach, in a tax-free transaction. The merger was effective on April 23, 2002. As a result of the merger, NeoReach is now a wholly-owned subsidiary of Mobilepro. Prior to the merger, Mr. Daniel Lozinsky who was a controlling stockholder of Mobilepro also owned approximately 32.5% of NeoReach.

The Company filed a Current Report on Form 8-K dated May 10, 2002 with the Securities and Exchange Commission on June 20, 2002. Effective June 6, 2002, the Board of Directors of Mobilepro Corp. (the "Company") dismissed its independent auditors, Mantyla, McReynolds LLC ("Mantyla"), and engaged the services of Bagell, Josephs & Company, L.L.C. ("Bagell"), as its new independent auditors. Bagell will audit the Company's financial statements for the fiscal year ended March 31, 2002.

Also included in the Current Report dated May 10, 2002, on May 13, 2002, the Company announced in a press release that Mr. Daniel Lozinsky had resigned as the President, Chief Executive Officer and Chairman of the Board of the Company and that Mr. Arne Dunhem had been appointed to serve as the President, Chief Executive Officer and Chairman of the Board of the Company, effective as of May 10, 2002. Mr. Lozinsky was also appointed to serve as a Senior Vice President of the Company, effective as of May 10, 2002.

The Company filed an amended Current Report on Form 8-K/A dated May 10, 2002 with the Securities and Exchange Commission on June 25, 2002.

Subsequent to the period of this report, the Company filed two amended Current Reports of Form 8-K, dated June 6, 2001 and March 21, 2002 with the Securities and Exchange Commission on July 5, 2002.

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Signatures

In accordance with the requirements of the Exchange Act, the Company caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

MobilePro Corp.

By /s/ Arne Dunhem

Arne Dunhem,
President and Chief Executive Officer
(Principal executive and financial officer)

Date February 18, 2003

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CERTIFICATION

I, Arne Dunhem, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Mobilepro Corp.;

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

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and

c) presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

February 18, 2003

/s/ Arne Dunhem
Arne Dunhem
Chief Executive Officer
Principal Financial and Principal Accounting Officer