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MOBILEPRO CORP
Form 10KSB
July 14, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10 KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED MARCH 31, 2003

MOBILEPRO CORP.
(Exact Name of Registrant as Specified in Charter)

Delaware	002-97869-D	87-0419571
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(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

30 West Gude Drive, Suite 480
Rockville , MD 20850
(Address of principal executive offices) (Zip Code)

(301) 315-9040
(Registrant's telephone number)

Securities registered pursuant to section 12(b) of the Act:

TITLE OF CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
-----	-----
NONE	NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

(TITLE OF CLASS)

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy of information statements incorporated by reference in Part 10-KSB or any amendment to this Form 10-KSB. []

State issuer's revenues for its most recent fiscal year: \$0.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock as of a specified date within the past 60 days: As of July 11, 2003, the aggregate market price of the voting stock held by non-affiliates was approximately \$1,233,559.

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State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of July 11, 2003, the Company had outstanding 72,639,420 shares of its common stock, par value \$0.001.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS

The Business Background

The generation of digital wireless networks primarily in use today for cell phone services is often referred to as the second generation services. The services are primarily for voice services and for some limited low-speed data transmission services. The features of the third generation wireless technology far surpass the second generation services and include voice and data services, access to high-speed Internet and intranet applications, such as corporate private data networks, interactive e-mail and data exchange, full motion video transmission e.g. video movies or video conferences - all delivered to a mobile device such as a cellular phone, Personal Digital Assistant ("PDA") or laptop computer, and global roaming of all the features, i.e. the services can be used in many different countries around the world. We believe that the demand for wireless networks supporting faster information-rich applications will increase, pushing the wireless communications industry toward a generation of services that are expected to result in higher productivity, greater transmission speed and seamless access around the world.

The current second generation wireless networks are based on different communications standards with the Global System for Mobile Communication ("GSM") being the most widely adopted standard. That standard has also been adopted in the United States by larger wireless networks such as AT&T Wireless and T-Mobile. The U.S. company Qualcomm has developed an alternative standard called Code Division Multiple Access ("CDMA"). CDMA networks exist primarily in the United States, Korea and some countries in South America.

The various third generation wireless networks being built around the world are

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based on primarily two different network standards: Wideband - Code Division Multiple Access ("W-CDMA") that is an extension of the widely adopted GSM standard and CDMA2000 that is an extension of the CDMA standard. The selection of a network standard by different operators in different countries depends largely on government policies regarding spectrum availability and licensing conditions. As a result we expect that third generation services will be adopted at different rates in different regions of the world. Europe and Japan have network operators with systems that are based on W-CDMA while operators in the United States and Korea will deploy systems that are based on both third generation standards. Wireless operators in Europe, Japan and Korea have recently started to roll out third generation services, while operators in the United States are expected to begin to roll out true nation-wide third generation services in late 2003 or 2004.

A wireless network consists of three major elements; first, the user equipment, i.e. the handheld device that could be a cell phone, also called a handset, PDA or a wireless laptop computer; second, the radio access network, i.e. all the base stations with transmit and receive equipment and transmit towers to provide network coverage; and the core network, that includes the telephone and data switches for connection of the calls, the computer systems to control the operation of the network, and the billing and support of the customers using the networks.

To provide a complete third generation network across a typical geographical area, three types of base stations are normally deployed: those that provide a signal over a very large area, such as a whole city, those that provide a signal over a medium size area, such as one community in a city, and those that provide a signal over a small area, such as in one office building in the community.

The Company

Mobilepro is a development stage company whose business focus has been directed towards developing solutions that are expected to support the third generation digital wireless network market through its wholly-owned subsidiary, NeoReach Inc. NeoReach intends to design, develop and manufacture third generation modem and data processing technologies in integrated circuits and associated prototype or demonstration printed circuit boards for

- o third generation network base stations and,

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- o third generation handsets and other user equipment.

NeoReach intends to exclusively focus its products to be used for the medium and small area Base Stations since the market size and required quantity of these units is expected to be much greater than for the large area Base Stations.

In addition, NeoReach also intends to develop miniature radio frequency transceiver integrated circuits for the wireless markets, to include both the third generation base stations and the handsets. These integrated circuits are anticipated to be based on low-power technologies believed to be an important feature considering the small battery in a consumer cell phone. Power is only consumed in case the circuit actually is in operation.

NeoReach intends to initially focus its efforts on developing the technology for the third generation network base stations in the form of prototype or demonstration printed circuit boards. Upon the successful completion of these boards to include various testing of functions and demonstrations, we intend to develop semiconductor integrated circuits with the technology embedded. In some

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cases, we also intend to sell the prototype or demonstration printed circuit board to potential customers.

Handsets - each third generation compatible handset manufactured requires a modem as one of its components in order to communicate with the various base stations in the wireless network. NeoReach intends to develop and provide the modem solution as a semiconductor integrated circuit installed on a printed circuit board inside of the handset. NeoReach also intends to develop and provide the complete radio frequency transceiver as a semiconductor integrated circuit.

Our state-of-the-art modem solutions are anticipated to support the third generation wireless communications systems as defined by the worldwide W-CDMA standard and, in a later development stage, the GSM standard. The W-CDMA specifications standard has been defined such that the base station modem will properly communicate with the corresponding handset modems.

The NeoReach modem solutions are intended to be developed to provide key competitive advantages in the market place:

1) The base station modem is expected to be designed using two different types of transmission systems as defined by the W-CDMA standards. We believe that this is ideal for transmitting both voice and data.

2) NeoReach intends to offer a dense multi-channel modem with up to 64 user channels expanding in later versions to up to as many as 256 user channels. This may allow operators to service more customers with the same base station. The number of user channels is primarily determined by how complex the semiconductor integrated circuit is. We intend to use commercially available integrated circuits which have a technology that we believe currently allows up to 64 user channels while we believe that the next generation of the commercially available integrated circuits that are anticipated to be made available in year 2004 are expected to provide adequate increased capacity. These commercially available integrated circuits may be used for many different applications, one being our anticipated use for the base station modem.

3) We believe that our modem theoretically may offer a coverage capacity as a theoretical target of three miles vs. the typical 0.6 miles, thereby enabling operators to service larger areas using medium and small area Base Stations instead of installing a more expensive large area Base Station. The theoretical coverage capacity is determined by a design choice for the modem that includes receiving and processing signals from handsets that are up to three miles away from the base station. This distance is determined by the maximum time it takes the signal to travel that distance. We believe that through our research and development activities and through theoretical modeling that our design may achieve the theoretical target capacity. This theoretical target has also been reviewed together with W-CDMA wireless experts from other companies.

4) Flexible Architecture that we believe may enable easy upgrades and modifications, thereby lengthening product life.

NeoReach has signed a Memorandum of Understanding with RF Microelectronics Laboratory of Information and Communications University of South Korea for the co-development of Radio Frequency integrated circuits. We have

also discussed the development jointly with RF Microelectronics Laboratory of a ZigBee RF CMOS chip as a complement or alternative initial RF CMOS chip. This

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memorandum of understanding is non-binding on either party and additional agreements are necessary before the parties may collaborate together.

NeoReach intends to use third-party manufacturing for its products. Because of this approach, the Company does not expect to make any significant purchase of plants or equipment. The Company has initiated some preliminary discussions with contract manufacturers for product development, prototyping and production agreements for its planned integrated circuit and modems systems. None of these agreements have been finalized as of this date and no assurances can be given that any agreements will be forthcoming.

NeoReach has been granted five patents and has one patent applications pending for its W-CDMA smart antenna processing approaches. Smart antennae technology combines multiple antenna elements with signal processing to optimize its radiation and/or reception pattern automatically in response to the signal environment. We intend to pursue other patents to protect our intellectual property rights in various modem design and implementation areas.

In addition to the development of advanced radio frequency and modem solutions for the wireless market, we also intend, as appropriate, to leverage our expertise into delivering wireless applications and systems solutions for the global enterprise markets to include wireless local area networks and the resale of existing wireless software applications. We also intend, as appropriate, to provide specialized radio frequency design services for turnkey wireless systems and wireless telemetry systems. This may include the acquisition of technologies or operations to offer us an entry into these areas of wireless applications, systems solutions or services.

The Company is located at Mobilepro Corp., 30 West Gude Drive, Suite 480, Rockville, Maryland 20850.

CORPORATE 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 were intended to 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 intended 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.

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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.

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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.

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, 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.

Approximate valuation of Neoreach, Inc.

Item	Approx. Value
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Personnel, engineering man effort, 33 man-years	\$4.5 M
Patents, Awarded, Allowed, Pending, 6 each	\$1.8 M
Tangible Assets	\$0.2 M

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Total Valuation (Excluding Intangible Assets and Goodwill)

\$6.5 M

BUSINESS STRATEGY BEFORE THE MOBILEPRO MERGER

CraftClick was formed to be the premier arts and crafts destination on the Internet. We intended to build an online arts and crafts community that offered amateur and professional craftspeople worldwide a wealth of arts and crafts related content. We acquired 16 online arts and crafts related web sites. We shipped our products through a fulfillment center located in the Midwestern United States. Orders placed with us were transmitted electronically to our fulfillment center using EDI protocol. Our fulfillment center then shipped the order directly to the end customer.

While our sales increased substantially for the year ended March 31, 2001 as compared to the year ended March 31, 2000, we did not have adequate capital funding in order to continue as a going-concern in this business segment. As such, we discontinued the arts and crafts business in October 2000. As previously mentioned, there was a change of control and business strategy in June 2001.

BUSINESS STRATEGY AFTER THE MOBILEPRO MERGER AND BEFORE THE NEOREACH MERGER

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Mobilepro was formed to position ourselves as a provider of wireless business solutions for the mobile business professional workforce. We intended to develop complete mobile information solutions that include products and services such as wireless handheld devices and Web based enterprise applications. As a solutions provider, we intended to bundle the service and the hardware device into a single offering. None of the products or services were fully developed and were not available for sales. The strategy was for the Company to develop the overall designs of both the hardware and the software of the devices but to outsource the actual manufacturing and the detailed software development to existing device providers. We intended to distribute the devices with the bundled software through various distribution channels including direct sales and alliance partners with co-marketing and referrals. The Web based services were to be developed jointly with strategic development partners and maintained and operated jointly with ISP and Web-hosting partners. The applications that drove the demand for this strategy was the ever increasing use of E-mail for business correspondence and the need for mobile professionals at all levels of an organization to access corporate data and applications from outside their offices.

We had no sales for the year ended March 31, 2002, and we did not have adequate capital funding in order to continue as a going-concern in this business segment. As such, we discontinued the wireless business solutions provider business in March of 2002. As previously mentioned, there was a change of control and business strategy in March 2002.

BUSINESS STRATEGY AFTER THE NEOREACH MERGER

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, 2003, March 31, 2002 and March 31, 2001 (See "Financial Statements and

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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 five patents related to smart antenna processing, 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 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 third generation 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 last quarter of 2003 with a multi-channel modem semi-conductor integrated circuit chip to be commercially available by the end of 2004. 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 mid of 2005.

The long-term product vision is founded on product line extensions that leverage the current technology and expertise in third generation. 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 third generation 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 third generation 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 third generation 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

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by the mobile operators to support third generation wireless services. We have also discussed the development jointly with RF Microelectronics Laboratory of a ZigBee RF CMOS chip as a complement or alternative initial RF CMOS chip. 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.

MARKET/INDUSTRY PROJECTIONS

Market Outlook for Third Generation Services

The current generation of digital wireless networks primarily in use today is referred to as second generation, or second generation services. Demand for faster networks supporting information-rich applications are on the horizon, pushing the industry toward the third generation of services delivering higher productivity, greater transmission speed and seamless access around the world.

Marketplace players with different motivations are all driving the push toward third generation services. Manufacturers are motivated by the lure of new revenue streams from new third generation equipment. Wireless operators worldwide are motivated to capture first to market advantage and to relieve their frequency spectrum shortage. Regulators are motivated to gain new license revenue from operators. And finally, consumers and businesses are motivated by the ability to combine wireless mobility with content and multi-media messaging.

Markets in which both wireless and Internet penetration is high are well positioned for third generation services. Selection of network standards and government policies regarding spectrum availability and licensing will drive adoption at different rates in different regions of the world.

Europe and Japan centralize on a single network operator standard, W-CDMA, and wireless operators there have recently begun to roll out third generation services on a schedule that builds throughout 2002-2005. The U. S. will deploy two standards - CDMA and W-CDMA, and full rollout is projected by industry analysts to begin in late 2003, although some limited operation started late 2002.

Market Size and Opportunity

The Company believes that the worldwide number of deployed base stations will more than double in the five-year period between 2001 and 2005. During that time, slightly more than 286,000 new base stations are expected to be placed into service each year, yielding annualized revenue of \$56 billion, according to research reports published by Cahners In-Stat Group. Further, China is projected to represent the largest market and growth opportunity for new base station deployment.

In terms of revenue potential, Cahners estimates the 2001 revenues from semiconductors for the base station applications at approximately \$6.5 billion to grow to nearly \$10 billion by 2005.

On-time market availability of third generation-enabled handsets is critical to the roll-out of the services. Morgan Stanley, in published research reports, estimates that in 2002 alone, approximately 3.7 million handsets will be needed to support demand. This increases to nearly 75 million units in 2006. Going

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forward, handset replacement volume is expected to continually expand due to customer exposure to more choices in new phone features, prices and services.

FINANCIAL FUNDING NEEDS AND USE OF FUNDS

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

- 1) Investment in laboratory facilities including test and simulation equipment;
- 2) Acquisition or licensing of certain intellectual property related to the development of modems and communications semiconductor and component technology;
- 3) Pay-down certain debt, such as a convertible debenture from Cornell Capital at an amount of \$130,000 plus accrued interest. We also intend to pay-down debt owed to Mr. Daniel Lozinsky, a Director, and Mr. Arne Dunhem, an officer and Director, during 2003. The total amount that we intend to pay to Mr. Lozinsky and Mr. Dunhem during 2003 is approximately \$30,000 out of total outstanding amount of \$277,617; and
- 4) General working capital purposes.

PRODUCTS AND SERVICES

We intend to develop products for the third generation markets, currently per the worldwide W-CDMA standard. Our product line is initially intended to comprise of small area base station modem and handset modem integrated circuits. These products with features considered by us are not currently available in the market. We believe that our products may be among the first to market and is expected to offer special value to the manufacturer customers and the marketplace in general. We currently have a prototype available of a modem for the medium area base station.

The product line extension is expected to include radio frequency integrated circuit chip set. This integrated circuit is a highly complex and miniaturized chip of a size less than 1/4 inch by 1/4 inch that is a complete radio and transmitter system. The chip is specialized for the 1.9 GHz/2.1 GHz frequency bands used in Europe and Asia for the new third generation W-CDMA networks and may be used in both small area base stations and in third generation handsets. Future similar versions of the radio frequency integrated circuit chip may be developed for the similar third generation frequency bands used in the USA and Canada and may also be developed for Wireless-LAN applications, although operating in the 5 GHz frequency band. We intend to co-develop the product jointly together with the RF Microelectronics Laboratory of the Information and Communications University of South Korea based on a memorandum of understanding between our organizations. We have also discussed the development jointly with RF Microelectronics Laboratory of a ZigBee RF CMOS chip as a complement or alternative initial RF CMOS chip. This memorandum of understanding is non-binding on either party and additional agreements are necessary before the parties may collaborate together.

In addition to the development of advanced radio frequency and modem solutions for the wireless market, we also intend, as appropriate, to leverage our expertise into delivering wireless applications and systems solutions for the global enterprise markets to include wireless local area networks and the resale of existing wireless software applications. We also intend, as appropriate, to provide specialized radio frequency design services for turnkey wireless systems

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and wireless telemetry systems. This may include the acquisition of technologies or operations to offer us an entry into these areas of wireless applications, systems solutions or services. On June 20, 2003, the Company announced in a press release that it entered into a Memorandum of Understanding with GBH telecom, LLC, a development stage company headquartered in Arlington, Virginia, under which it intends to acquire GBH telecom, LLC in a proposed tax-free exchange of stock.

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There are no assurances that our products, once developed, will be accepted or marketable to our intended customers.

MARKETING AND COMPETITION

MARKETING

The Company intends to sell products and services through direct and indirect sales channels. The Company intends to have a direct sales force in North America, Europe and Asia. The sales organization will have directors in each of these areas of the world. The technical support team is expected to support the direct sales team. Target customers include manufacturers of base stations and other infrastructure equipment.

In addition to a direct sales channel, the Company intends to sell product through OEM agreements with other manufacturers. OEM means Original Equipment Manufacturer. Any OEM relationships may enable the Company's products to be embedded into the base stations. The business development team is expected to be responsible for initiating the relationships with the OEM partners and the sales team supports them on an ongoing basis.

The Company cannot assure you that its marketing efforts will be successful.

COMPETITION

The markets for our products are intensely competitive and subject to rapid technological advancement. We anticipate to identify and capture future market opportunities to offset the price erosion that characterizes our industry. Our method of competition is expected to offer products that may compete on performance, quality, reliability, price, adherence to industry standards, software and hardware compatibility, marketing and distribution capability, brand recognition and availability. We may not be able to develop new products at competitive pricing and performance levels. Even if we are able to do so, we may not complete a new product and introduce it to market in a timely manner. Our customers may substitute use of our products in their next generation equipment with those of current or future competitors.

In each area of the modem, digital and radio frequency integrated circuit market in which we participate, we face competition from different companies. With respect to wireless modem technology and licensing of intellectual property, Qualcomm holds a dominant market position. Qualcomm is the leading provider of wireless modem technology, marketing a wide variety of products worldwide. Qualcomm products have all been designed for the CDMA standard and only recently has the company announced it will now also build to the W-CDMA standard. Other companies that we potentially would be competing with developing modems for the base stations in addition to the handsets include bigger companies such as Nokia, Ericsson, Siemens, Motorola and Samsung. Several smaller companies around the world specialize in various niche technologies addressing the wireless market to include the modems for the handsets. These include PrairieComm and

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InterDigital in the U.S., Yozan in Japan, Sierra Wireless in Canada and Xircom in Germany. Over the next few years, we expect additional competitors, some of which may also have greater financial and other resources, to enter the market with new products. In addition, we are aware of venture-backed companies that focus on specific portions of our range of products. These companies, individually or collectively, could represent future competition for many design wins and subsequent product sales.

RESEARCH AND DEVELOPMENT

Our product development efforts are expected to be focused on defining the functionality of the product and developing services for it. We believe the innovation and design of our product will play an important role in our success. We intend to identify and respond to the needs of our customers by introducing new designs with an emphasis on innovations in the functionality, simplicity and ease of use of our products and services.

None of the cost of research and development activities were borne directly by customers. As of July 11, 2003, we had one individual engaged in research and development activities.

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INTELLECTUAL PROPERTY

As of July 11, 2003, we had 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 July 11, 2003 we have been granted approval of five patents and one patent application is still pending approval. The five approved patents are as follows:

1. "Smart Antenna with Adaptive Convergence Parameter" with PTO Patent Number 6,369,757, issued April 9, 2002
2. "A Smart Antenna With No Phase Calibration For CDMA Reverse Link" with PTO Patent Number 6,434,375, issued August 13, 2002
3. "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
4. "New Cellular Architecture for Code Division Multiple Access SMOA Antenna Array Systems" with PTO Patent Number 6,459,895, issued October 1, 2002
5. "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.

On August 30, 2002 as part of a settlement agreement with Mr. Scott Smith, the inventor and former president of Mobilepro, we assigned the ownership from the Company to Mr. Smith two other patent applications pending which were 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

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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 and we do not intend to pursue the business related to these patents.

GOVERNMENT APPROVALS

We do not believe that there is a need for any specific government approval for any of our modem solutions since these do not include any radio transmitter and do not radiate any radio frequency signals. Our radio frequency integrated circuit product will be sold to OEM customers who will integrate the product into their own products that may be required to adhere to certain Federal Communications Commission section requirements because it does in fact contain a radio transmitter. We believe that the OEM customers will obtain any required licensing as applicable in any particular country.

RECENT DEVELOPMENTS

On June 20, 2003, the Company announced in a press release that it entered into a Memorandum of Understanding with GBH telecom, LLC, a development stage company headquartered in Arlington, Virginia, under which it intends to acquire GBH telecom, LLC in a proposed tax-free exchange of stock. The projected closing date for the transaction was announced to be July 3, 2003. Under the terms of the MOU, upon completion of the proposed transaction, GBH shareholders will own the majority of the Company's issued and outstanding common stock and have voting control of the Company. A copy of this press release was filed as an exhibit to an 8-K filing on June 20, 2003.

ITEM 2. DESCRIPTION OF PROPERTY

Our offices are located at 30 West Gude Drive, Suite 480, Rockville, Maryland 20850. The office consists of approximately 3,500 square feet of office space, that on June 1, 2003 expanded to approximately 7,000 square feet, are sub-leased from Amisys, LLC with a monthly rental rate of \$4,500 increasing to \$9,100 upon the expansion on

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June 1, 2003. We believe that this facility is adequate to meet our needs in the near future. In the event our business expands, we believe we will have an ability to expand within the same facility.

As of March 31, 2003, we employ three persons and six consultants. If the business grows as we plan, we anticipate that we will need additional persons to fill administrative, sales and technical positions.

ITEM 3. LEGAL PROCEEDINGS

As of March 31, 2003, we were party to four legal proceedings. Mr. Tatcha Chulajata, a former employee of Mobilepro 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 currently negotiating a settlement with the employee with respect to the claim.

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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 named Mr. Man Hyuk Park, Mr. Sang Humn Lee and Mr. Yang Hoon Jung and all were employed as Senior or Principal Engineer since September 2001, June 2000 and August 2001, respectively. Due to financial difficulties encountered by Mobilepro in 2001 and 2002, the three individuals received reduced salaries. The Company is currently finalizing a negotiated settlement with the employees with respect to the claim.

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 claimed a total of \$97,335 for unpaid wages from February 2002 through August 2002. The complaint was subsequently dismissed by the State of Illinois, Department of Labor in April 2003. 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 Mobilepro in 2002, Mr. Smith's salary was deferred as part of an agreement between Mr. Smith and Mobilepro. A settlement agreement was mutually signed and executed on August 30, 2002. Due to the Company's inability to pay full amounts per the settlement agreement, negotiations have been ongoing for an adjusted payment plan. As of July 11, 2003 no final revised settlement agreement has been reached.

Virginia University of Technology, Sponsored Programs, claims from the Company approximately \$80,000 for unpaid research and development work performed by the University for NeoReach during the years 2000 and 2001. The Company is currently negotiating a settlement with the University with respect to the claim.

Dungavel, Inc. claims from the Company as a result of the February 19, 2002 Stock Purchase Agreement between Mr. Daniel Lozinsky and Dungavel, Inc., a total of \$37,500. The Company intends to negotiate a settlement with Dungavel with respect to the claim.

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

The Company's Board of Directors announced that the close of business on November 1, 2001 was the record date for the determination of stockholders entitled to notice about the proposal authorizing the reverse stock split of the outstanding common stock, par value \$.001 par value, of the Company at the rate of one new share for each 200 issued and outstanding shares of common stock and the subsequent restoration of the authorized capital of the Company to 50,000,000 shares of common stock, \$.001 par value, 5,000,000 shares of preferred stock, \$.001 par value and 35,425 shares of Series A Convertible Preferred Stock, \$.001 par value ("Recapitalization") and the approval of the Mobilepro 2001 Equity Performance Plan ("Equity Performance Plan").

On October 31, 2001, the Board of Directors approved the Recapitalization and the Equity Performance Plan and authorized the Company's officers to obtain written consents from the holders of the outstanding voting securities of the Company to approve the Recapitalization and the Equity Performance Plan.

On November 1, 2001, stockholders owning of record an aggregate of 9,605,393 shares of the Company's common stock, representing approximately 53.7% of the outstanding voting securities of the Company, executed and delivered to the

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Company a written consent authorizing and approving the Recapitalization and approving the Plan. Under Section 228 of the Delaware General Corporation Law, and the certificate of incorporation and by-laws of the Company, any action required or permitted to be taken at an annual or special meeting of stockholders of a Delaware corporation may be taken without a meeting, without prior notice and without a vote, is signed by the holders of outstanding stock entitled to vote thereon having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the consent to the Recapitalization and approval of the Equity Performance Plan must be given, and was given on or about November 2, 2001, to those stockholders who have not consented in writing to the action and who, if the action had been taken at a meeting, would otherwise have been entitled to notice of the meeting.

The purpose of the Mobilepro Corp. 2001 Equity Performance Plan ("Equity Performance Plan") is to enable the Company to offer to its employees, officers, directors and consultants whose past, present and/or potential contributions to the Company and its Subsidiaries have been, are or will be important to the success of the Company, an opportunity to acquire a proprietary interest in the Company. The various types of long-term incentive awards that may be provided under the Equity Performance Plan will enable the Company to respond to changes in compensation practices, tax laws, accounting regulations and the size and diversity of its businesses.

In effecting the Recapitalization, a majority of the Stockholders, in their written consent authorizing and approving the Recapitalization, and the Board of Directors of the Company approved the following Certificate of Amendment of the Certificate of Incorporation of Mobilepro Corp.:

FIRST: The name of the Corporation is Mobilepro Corp.

SECOND: The Certificate of Incorporation of the Corporation is hereby amended by deleting the first paragraph of Article FOURTH in its entirety and by substituting the following two new paragraphs at the beginning of Article FOURTH in lieu thereof:

"FOURTH: That as of the effective date of this Certificate of Amendment of the Certificate of Incorporation of the Corporation ("Amendment") each 200 shares of the Corporation's common stock that is issued and outstanding shall be changed, without any further action, into one fully paid and non-assessable share of the Corporations common stock, fractional shares to be rounded up.

As of the effective date of this Amendment, after the reverse stock split set forth above, the total number of shares of capital stock of all classes which the Corporation shall have authority to issue 55,035,425 shares, of which 50,000,000 shares shall be common stock, par value \$.001 per share ("Common Stock"), 5,035,425 shares shall be preferred stock, par value \$.001 per share ("Preferred Stock") and 35,425 shares shall be the Series A Convertible Preferred Stock, par value \$.001 per share. ("Series A Convertible Preferred Stock")."

THIRD: The foregoing Amendment of Certificate of Incorporation was duly approved by the Corporation's Board of Directors in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware and thereafter was duly adopted by the consent of the holders of a majority of the outstanding voting stock of the Corporation in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

On March 12, 2003, the Board of Directors approved and recommended that the Stockholders adopt an amendment to the Corporation's certificate of incorporation to increase to 600,000,000 the authorized shares of Corporation

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common stock and adopted Amendment No. 1 to the Mobilepro 2001 Equity Performance Plan in order to increase

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the number of shares of Common Stock available for issuance thereunder from 1,000,000 shares to 6,000,000 shares, conditioned upon the approval of the Stockholders and authorized the Company's officers to obtain written consents from the holders of the outstanding voting securities of the Company to approve the recommended actions.

On March 12, 2003, stockholders owning of record an aggregate of 10,389,791 shares of the Company's common stock, representing approximately 52.5% of the outstanding voting securities of the Company, executed and delivered to the Company a written consent in lieu of a special meeting authorizing and approving the 2001 Equity Performance Plan Amendment, which provides, generally, that the number of shares of Common Stock authorized for issuance pursuant to awards granted under the Plan, as recommended by the Board of Directors of the Corporation, is increased from 1,000,000 shares to 6,000,000 shares, in the aggregate, and that the Certificate of Amendment to Certificate of Incorporation as recommended by the Board of Directors of the Corporation as follows:

FIRST: The name of the Corporation is Mobilepro Corp.

SECOND: The Certificate of Incorporation of the Corporation is hereby amended by striking the second paragraph of Article FOURTH in its entirety and by substituting the following new paragraph in lieu thereof as the second paragraph of Article FOURTH:

"The total number of shares of capital stock of all classes which the Corporation shall have authority to issue is 605,035,425 shares, of which 600,000,000 shares shall be common stock, par value \$.001 per share ("Common Stock"), 5,035,425 shares shall be preferred stock, par value \$.001 per share ("Preferred Stock") and 35,425 shares shall be the Series A Convertible Preferred Stock, par value \$.001 per share ("Series A Convertible Preferred Stock")."

THIRD: The amendment of the Corporation's Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR COMMON STOCK

Our Common Stock is traded in the over-the-counter market and quoted on OTC EBB under the symbol "MOBL" and quoted in the pink sheets published by the National Quotations Bureau. From time to time, a very small number of securities broker-dealers published only intermittent quotations for the Common Stock, and there was no continuous, consistent trading market. The trading volume in the Common Stock has been and is extremely limited. During the above period, the limited nature of the trading market created the potential for significant changes in the trading price for the Common Stock as a result of relatively minor changes in the supply and demand for Common Stock and perhaps without

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regard to our business activities. Because of the lack of specific transaction information and our belief that quotations during the period were particularly sensitive to actual or anticipated volume of supply and demand, we do not believe that such quotations during this period are reliable indicators of a trading market for the Common Stock.

As of July 11, 2003, there were approximately 780 holders of record of our Common Stock, which does not take into account those shareholders whose certificates are held in the name of broker-dealers or other nominees.

TRANSFER AGENT

The transfer agent for our Common Stock is Interwest Transfer Co., 1981 East Murray-Holladay Rd., P. O. Box 17136, Salt Lake City, Utah 84117.

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Subject to the above limitations, we believe that during the six fiscal quarters preceding the date of this filing, the high and low share prices for the Common Stock during each quarter are as set forth in the table below. The quotations reflect inter-dealer share prices, without retail mark-up, mark-down, or commission and may not represent actual transactions. The share prices were obtained from OTC Bulletin Board NASDAQ Trading & Market Services. These high and low share prices do reflect the effects both of the 1 for 100 share reverse stock split, which occurred on May 8, 2001 and of the 1 for 200 share reverse stock split, which occurred on November 6, 2001.

QUARTER ENDED	HIGH	LOW
March 31, 2003	0.12	0.009
December 31, 2002	0.30	0.08
September 30, 2002	0.51	0.14
June 30, 2002	1.43	0.42
March 31, 2002	4.00	1.05
December 31, 2001	4.00	0.19
September 30, 2001	3.95	0.06
June 30, 2001	2.00	0.15
March 31, 2001	0.19	0.02
December 31, 2000	0.53	0.03
September 30, 2000	2.00	0.38
June 30, 2000	3.88	0.88
March 31, 2000	2.88	1.50
December 31, 1999	3.75	1.25

The ability of an individual shareholder to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state. Our shares are subject to the provisions of Section 15 (g) and Rule 15g-9 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15 (g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule

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3a51-1 of the Exchange Act.

The Commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; authorized for quotation on the NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets; or exempted from the definition by the Commission. Since our shares are a penny stock, trading in the shares will be subject to additional sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our Common Stock and may affect the ability of shareholders to sell their shares.

DIVIDEND POLICY

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Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefore at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the corporation available for dividends, such sum or sums as the Board of Directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the Board of Directors shall deem conducive to the interests of the corporation.

We have not paid any dividends to date. We can make no assurance that our proposed operations will result in sufficient revenues to enable profitable operations or to generate positive cash flow. For the foreseeable future, we anticipate that we will use any funds available to finance the growth of our operations and that we will not pay cash dividends to stockholders.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information (As of 3/31/03)

Equity Compensation Plan Categories	Number of securities to be issued upon exercise	Weighted average exercise price of
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Nu	r
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	of outstanding options, warrants and rights	outstanding options, warrants and rights
-----	-----	-----
Approved by security holders		
- 2001 Equity Performance Plan	671,038	\$0.03
Not approved by security holders		
- None	0	0
=====	=====	=====
Total	0	\$0.00

A total of 1,000,000 of the securities underlying the 2001 Equity Performance Plan were registered on the Company's Form S-8 Registration Statement as filed with the Securities and Exchange Commission on December 4, 2001 (File No. 333-74492).

RECENT SALES OF SECURITIES

COMMON STOCK

We have issued the following shares of our common stock from March 31, 2000 through December 9, 2002. On May 11, 2001, we implemented a 1 share for 100 shares reverse stock split of our common stock. On November 19, 2001, we implemented a 1 share for 200 shares reverse stock split of our common stock. The issuances below have not been adjusted for these reverse stock splits, but rather disclosed as issued.

On April 16, 1999, we had subscriptions to issue 257,666 shares of our common stock for consideration of \$386,499 at the time of the merger with Tecon (See "CORPORATE HISTORY"). These subscriptions were reduced to 245,997 and were exercised upon the consummation of the merger with Tecon. Tecon also issued 1,621,621 shares of common stock of Tecon for additional subscriptions in consideration of \$600,000, cash. Additional subscriptions were received and 215,702 common shares were issued for \$315,515. Simultaneously, we issued 10,333 common shares for business equipment valued at \$15,500. The Company believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

At various dates during the year ended March 31, 2000, we issued 1,812,829 shares of common stock to various consultants and professionals for services rendered. The total value of the shares has been recorded at \$1,000,000. 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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From April through June 2000, we issued 430,000 shares of common stock for additional website business valued at \$.75 per share or \$322,500 and a total of 38,000 shares of preferred stock was issued under a Private Placement Memorandum. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

In August 2000, we granted 1,903,574 common stock options valued at \$475,000 for a Note Receivable for the same amount. The options were granted pursuant to the "2000 Stock Option Plan". As of March 31, 2001, we had granted a total of 2,562,250 additional options pursuant to the "2000 Stock Option Plan", not

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including the initial 1,903,574 common stock options. We believe that the Company for these options received no proceeds since they were never exercised. These options were granted to employees and consultants and were vesting over a period of up to 4 years with an exercise price of \$1.00. Since these options were granted, 1,186,000 were cancelled and 850,125 expired due to termination of employee relationships, i.e. only 526,125 remained as options as of March 31, 2001. We believe that none of the remaining options were ever exercised and that all these remaining granted options expired effectively as part of the merger between Mobilepro and CraftClick.com on June 6, 2001.

On June 7, 2000 we exchanged 500,000 shares of our stock for 450,706 shares of Popmail.com in a transaction valued at \$500,000. We subsequently sold this investment to meet our financial obligations. The shares were "Restricted" under rule 144, i.e. the investor received shares of common stock that could not be resold with twelve months from the date the investor received them. On September 15, 2000, the Popmail.com stock was sold to an individual related party for \$74,650, in a private sale to an accredited/sophisticated investor. A loss of \$425,350 was realized during the period. Approximately \$225,353 of the loss was due to market value decline during the holding period. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On March 12, 2001, we issued 4,040,000 shares of common stock for services out of which 1,180,000 shares to Sandip Seth, 1,180,000 to Maninder Singh, both being officers of the Company, 1,180,000 shares to Sanjay Sabnani, 350,000 shares to Cora Castillion and 150,000 shares to Amber Luke valued at a total of \$1,284,923. We believe that Sabnani, Castillion and Luke were not affiliated with the Company. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On December 1, 2000, we issued 25,000,000 shares of common stock at \$.004 per share and 1,000 shares of Class C preferred stock at \$10 per share to creditors as settlement of \$110,000 worth of debt. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On March 16, 2001, Dungavel, Inc., a Bahamian company, contracted to purchase the above referenced 25,000,000 shares of our common stock and 1,000 shares of our Class C Preferred Stock from the former creditors (Metropolitan Capital Partners LLC), in a private sale to an accredited/sophisticated investor. At the time of the sale, we believe that there was no affiliation between Dungavel, Inc. and Metropolitan Capital Partners, LLC. The transfer of 25,000,000 shares of common stock and 1,000 shares of preferred stock by Metropolitan Capital Partners LLC to Dungavel Inc. was made under Rule 144, i.e. the investor received shares of common stock that could not be resold with twelve months from the date the investor received them. In the acquisition agreement, Dungavel represented that it was a sophisticated, accredited investor and was acquiring restricted securities. The only entity from which Dungavel acquired shares of CraftClick on March 16, 2001 was Metropolitan Capital Partners LLC, which name is stated above. The shares continued to be restricted in the hands of Dungavel, Inc. and therefore the certificate bore the same legend as the original certificates. The Class C Preferred Stock is convertible at any time prior to December 31, 2001, into 11.5% of the then issued and outstanding common stock of CraftClick.com, Inc., computed on a fully diluted basis. Together the common stock and the Class C Preferred Stock acquired by Dungavel, Inc. represents greater than 50% of the voting control of CraftClick.com, Inc., on an as converted basis. The sale was consummated as of March 27, 2001. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On April 24, 2001, the 1,000 Class C Preferred shares were converted to 6,877,678 shares of common stock. 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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On June 6, 2001, CraftClick.Com, Inc. a Delaware corporation, and Mobilepro Corp., a Delaware corporation, entered into an Agreement and Plan of Merger dated as of June 1, 2001. Under the Merger Agreement Mobilepro merged with and into CraftClick, with CraftClick being the surviving corporation. The consideration for the shares of

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common stock issued by CraftClick to the shareholders of Mobilepro was all the outstanding shares of Mobilepro. The merger of Mobilepro into CraftClick was structured as a share-for-share exchange. The exchange ratio was negotiated without reference to the market price of the CraftClick common stock because it was difficult to value the merger participants and the market of a thinly traded security on the OTC Bulletin Board. The Company issued a total of 8,750,000 shares of its common stock in connection with the Merger. Based on the last trading price of \$0.16, the fair value of the Company's stock issued was \$1,400,000. Of these shares issued, the Company issued to Ms. Joann M. Smith an aggregate of 8,227,663 shares of common stock representing approximately 55% of our 14,907,196 issued and outstanding shares of common stock. In addition we also issued as part of the merger, a total of 522,337 shares of its common stock at value \$83,574, to Wallenstein & Wagner, 152,730 shares at value \$24,437, Laser Modeling, Inc. 152,730 shares at value \$24,437, Francine B. Goodman, 152,730 shares at value \$24,437, Denise Patterson, 38,183 shares at value \$6,109, and Inform Product Development, Inc., 25,964 shares at value \$4,154. We believe that all these parties were non-affiliated with the Company at the issuance. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

Effective June 6, 2001, in connection with the Merger, we issued 3,000,000 shares in a conversion of debt and accrued interest to Dungavel, Inc. a Bahamian company. We believe that the controlling person of Dungavel was Robert Landau, who we believe also had a controlling interest in Mobilepro. The debt had a recorded value of \$50,000. The issuance of shares were valued at \$480,000, the fair value of the Company's stock at that time. In September 2000, Dungavel Inc. was issued a \$50,000 convertible note by Mobilepro. At the time of the merger of Mobilepro into CraftClick, Dungavel negotiated with Mobilepro the conversion of the note into 3,000,000 shares of the post-merger company. Dungavel was the controlling shareholder of CraftClick at the time of this negotiation. The value of CraftClick and Mobilepro at the time of the merger is difficult to determine and the negotiations for the shares to be issued to acquire Mobilepro was made without reference to the then market price. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

In May 2001, we registered 6,500,000 shares of our common stock for future issuance under the "2001 Performance Equity Plan". Effective June 6, 2001, we issued a total of 2,600,000 shares, based on the last trading price of \$0.16, with the total fair value of \$416,000 to the following parties: 250,000 shares to Dungavel Inc. for services performed in connection with the Mobilepro merger and reorganization and re-incorporation and using the last trading price, the fair value of the consideration was \$40,000, 250,000 shares at value \$40,000 to Mr. Scott R. Smith, our Chief Executive Officer for employment services, 1,475,000 shares at value \$236,000 to ZDG Investments for consulting services regarding the Mobilepro merger and reorganization and re-incorporation, 50,000 shares at value \$8,000 each to Mr. Howard Geisler, Mr. Mitchell Geisler and Ms. Cindy Roach for services as officers and directors, 25,000 shares at value \$4,000 to Weil Consulting Corp. for merger consultations and 450,000 shares at value \$72,000 to Henning Capital Ltd. for merger consultations.

On August 1, 2001, we issued 330,000 shares of its common stock pursuant to the

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exercise of a special warrant that was issued as a part of the reverse merger agreement with CraftClick.com, Inc. The conversion price of this warrant was \$330 or \$0.001 per share, the par value of the common stock. The issuance of shares was valued at \$577,500, the fair value of the Company's 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 6, 2001, we issued a total of 1,500,000 shares of its common stock under the 2001 Performance Equity Plan to Camilla Holdings for services rendered. These services were valued at \$0.165 per share or a total of \$247,500.

On October 26, 2001, we issued 25,000 shares of its common stock to David Lake, 4,000 shares, James Sacks, 3,000 shares, Donna Villegas, 1,000 shares, Jon Lake, 1,000 shares, Mark Daugherty, 1,000 shares, Ashok Mirpuri, 5,000 shares, Sanjay Sabnani 10,000 shares. We believe they were all non-affiliated with the Company at the time of issuance. In connection with the reorganization/redomestication of CraftClick from a Utah corporation to a Delaware corporation, the 25,000 shares were issued as settlement shares in connection with the change in the terms of the preferred stock. The issuance of shares was valued at a total of \$1,250, the fair value of our stock at that time. We believe the value of the settlements 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.

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On November 19, 2001, we had a 1 for 200 reverse stock split which effectively reduced their issued and outstanding shares 16,677,711. Additionally, on that date we issued 3,000,000 shares of our common stock to Dungavel, Inc. for services in conjunction with an Investors Rights Agreement between CraftClick and Dungavel, Inc. We valued that issuance at a value of \$240,000, 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 December 4, 2001, we registered 1,000,000 shares of our common stock for future issuance under the "2001 Equity Performance Plan". On February 15, 2002, we issued a total of 20,000 shares of our common stock to the following parties: 10,000 shares to Sandy Seth and 10,000 shares to Maninder Singh. The shares were issued for consulting services regarding items such as assisting our company in its understanding of historical events. The issuance of all of the 20,000 shares were valued at \$21,000, 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 February 15, 2002, we entered into an agreement to issue 86,000 shares of our common stock to John Madigan, 30,000 shares, Douglas Tucker, 30,000 shares, Wallenstein & Wagner, 20,000 shares, Natalie Boitehouk, 2,000 shares, Gregory Bochniak, 2,000 shares, and Stephen Jouzapaitis, 2,000 shares for services rendered. We believe they were all non-affiliated with the Company at the time of issuance. The shares issued on February 15, 2002 were authorized to be issued on February 19, 2002 by instruction letter of that date. Per the agreement, the shares were subsequently issued on March 22, 2002. The issuance of the shares were valued at \$90,300, 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 February 19, 2002, we issued 25,000 shares of our common stock to Scott R. Smith. The 25,000 shares were issued to Scott Smith in exchange for his

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surrender of his rights to past wages and other benefits under his employment agreement of June 2001 and cancellation of that employment agreement as an executive and officer of our Company. The shares were valued at \$26,250, 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 March 18, 2002, we issued a total of 960,000 shares of our common stock under the "2001 Equity Performance Plan" to the following parties: 255,000 to Mr. Daniel Lozinsky, our Chief Executive Officer for employment services and services as a director, 355,000 to Mr. Arne Dunhem for services as an officer and director, 25,000 to Mr. Scott Smith for services as an officer and director, and 325,000 to Jesus Gomez Romero for engineering consulting services for advanced software related projects. These shares were issued at \$0.55 per share based on a Board Resolution fixing the Fair Market Value of the securities pursuant to the 2001 Equity Performance Plan on and as of March 6, 2002.

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 valuation of Neoreach in the merger agreement was based on several factors, including that over twenty-five 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 an 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 transaction was concluded following arms-length negotiations. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On May 31, 2002, We 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

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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 May 31, 2002, Mobilepro issued a convertible debenture to Cornell Capital in the original principal amount of \$250,000. The convertible debenture is convertible into shares of our common stock as a price equal to either 120% of the closing bid price of our common stock as of May 31, 2002, or 80% of the average of the four lowest closing bid prices of our common stock for the five trading days immediately preceding the conversion date. If such conversion had taken place on May 31, 2002, then the holder of the convertible debenture would have received 452,899 shares of our common stock. If, at the time of conversion, the Common Stock is listed on the NASD Bulletin Board System, Nasdaq SmallCap Market, or American Stock Exchange, the conversion price will be 120% of the closing bid price. The convertible debenture accrues interest at a rate of 4% per year and is convertible at the holder's option. Holders of the Debentures

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have certain registration rights with respect to the resale of shares of Common Stock received upon any conversion of the Debentures. The convertible debenture has a term of five years. At Mobilepro's option, the convertible debenture may be paid in cash or converted into shares of our common stock on the fifth anniversary unless converted earlier by the holder. As of July 11, 2003 the Holder has converted a total of \$120,000 of the original principal amount.

On June 10, 2002, we 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. We believe the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

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 4, 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.

On February 6, 2003, we entered into an equity line of credit arrangement with Cornell Capital Partners, LP. The Equity Line of Credit provides that Cornell Capital 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 our discretion. Any shares of common stock sold under the Equity Line of Credit 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. We are 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. As of July 11, 2003, Mobilepro has received advances under the Equity Line of Credit in the total amount of \$435,000.

Except as otherwise noted, the securities described in this Item were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933. Each such issuance was made pursuant to individual contracts which are discrete from one another and are made only with persons who were sophisticated in such transactions and who had knowledge of and access to sufficient information about Mobilepro to make an informed investment decision. Among this information was the fact that the securities were restricted securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The financial information set forth in the following discussion should be read in conjunction with, and qualified in its entirety by, the financial statements of the Company included elsewhere herein. These financial statements reflect only the financial information of our prior business operations as a wireless business solutions provider and are not reflective of our new business strategy (See "BUSINESS").

FINANCIAL CONDITION AND CHANGES IN FINANCIAL CONDITION

OVERALL OPERATING RESULTS

We had no revenue for the years ended March 31, 2003 and 2002. However, our general and administrative expenses were \$2,479,166 for the current year and \$3,147,119 for the prior year, which resulted in substantial operating losses for each year. Operating losses were \$2,479,166 and \$3,147,119 for the years ended March 31, 2003 and 2002, respectively. The Company had other income, including income from the forgiveness of debt of \$0 and \$248,717 for the years ended March 31, 2003 and 2002, respectively. The areas where we expended the most funds for each year were for payroll, professional fees, consulting fees, and marketing expenses. Because of these large losses and the fact that we did not have adequate capital in order to continue to operate, we were pursuing alternative business opportunities in 2002 and 2003. See "BUSINESS" for our change in control and our future business strategy.

Our net losses after taxes and other income/expenses were \$9,771,389 for March

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31, 2003 and \$2,898,402 for March 31, 2002.

OPERATING LOSSES

We have accumulated approximately \$3,671,000- of net operating loss carryforwards as of March 31, 2003, 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

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We do not currently have any revenues, liquidity or capital resources as we move forward into our new business venture (See "BUSINESS") and our independent auditors have issued a going-concern opinion. We will need additional financing in order to implement our business plan and continue as a going concern. Besides the Equity Line of Credit from Cornell Capital Partners, LLP, we do not currently have a source for any additional financing and we cannot give any assurances that we will be able to secure any financing.

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 new 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.

INFLATION

Our results of operations have not been affected by inflation and we do not expect inflation to have a significant effect on its operations in the future.

PLAN OF OPERATION

In September 2002 we shipped our prototype base station modem (version 1.0) to a prospective customer who planned to use it for test and demonstration purposes. No payment was received from the shipment since it was for demonstration purposes only. This prototype version of the modem is currently available in printed circuit board format and we intend to make it available to other potential customers. Continued product development is intended to evolve the base station modems from the boards to application specific integrated circuits. The integrated circuits are custom products that are designed for only one customer and can be sold only to that one customer; we are that customer and we intend in turn to resell to our customers for their particular applications. The printed circuit board version of the base station modem is approximately 24 inches long by 16 inches wide and is built using discrete electronic components such as integrated circuits, transistors, capacitors and resistors. We intend to miniaturize most of the modem functions on this board to two individual

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semiconductor chips, or integrated circuits, each of the approximate size of one by one inch. One of the chips is commercially available for purchase and is expected to be programmed with our proprietary software that is part of our technology while the other chip is expected to be customized and manufactured for our specific applications.

2. The Company intends to continue its research & development activities within the three main projects as defined below:

1. Base Station Modem Integrated Circuit
2. Handset Modem Integrated Circuit
3. Radio Frequency Integrated Circuit

We intend to develop each project over several development phases that normally include project definition, system engineering, prototype manufacturing, integrated circuit manufacturing, testing, also called beta testing, and general availability. The project definition phase reviews existing technology standards and market research to include other possible comparable products already in the market place and will typically lead to a design definition and finally a project definition with draft requirements definitions. The project definition typically has duration of 2 - 3 months with work efforts from both business development people and engineers. The system design phase normally involves significant engineering effort that may have duration of 3 - 6 months to include preparation of actual detailed specifications, drawings and schematics, certain software development and initial computer modeling or simulation of the functions of the circuits. The prototype manufacturing normally involves during 2 - 3 months the preparation and manufacturing of physical hardware such as a prototype printed circuit board. The manufacturing of this board

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requires the procurement of electronic components to demonstrate the overall functions of the project. Software development will normally continue throughout this phase. The phase with the prototype testing would typically last 3 - 4 months and will pass the prototype printed circuit board through a number of detailed tests to include functional tests and interface tests, i.e. tests to verify that the functions of the prototype printed circuit board will work as expected versus other equipment or units that it is designed to work with. The actual integrated circuit manufacturing that typically lasts 2 - 4 months may not start until there is a high level of confidence that the designed prototype printed circuit board works and operates as expected. The manufacturing and production of an integrated circuit is typically a time consuming and expensive process and it is critical that only an absolute minimum design mistakes have been made. The manufacturing may initially produce only a few samples of the integrated circuits for demonstration and testing. The following testing lasting typically 2 - 3 months, also called beta testing, is the first activity when a real integrated circuit has been made available for rigorous testing in a laboratory environment. Engineers for their possible changes and improvements to the design may typically review any problems discovered during the testing. Finally, general availability of the developed circuit is expected to be declared when all testing have been found satisfactory and the high volume production of the circuit has been initiated. The total process varies in time depending on the complexity of the project but may typically last 12 - 18 months.

The man effort required for the different development phases we have defined vary but is expected to consist primarily of engineers of different skills to include typically system design, circuit design, electrical and mechanical design, software design and programming, and integrated circuit design and

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development. At the peak of development, we estimate an anticipated need of approximately 38 engineers supported by various G&A personnel.

Product development plans include defining specifications for the next version of the base station board subsequently leading to base station modem integrated circuits. We believe that the timelines below demonstrate the current product delivery schedule for the three projects, and the estimated costs associated with achieving the milestones. This schedule could change depending on challenges faced in engineering and development.

	Project Definition	System Design	Prototype Manufacturing	Prototype Testing	IC Manufact
Base Station V1.0 Modem Board	2000	2001	1Q2002	3Q2002	N/A
Base Station Modem Integrated Circuit	2Q2003	3Q2003	4Q2003	1Q2004	1Q2004
Handset Modem Integrated Circuit	3Q2003	4Q2003	2Q2004	3Q2004	4Q2004
Radio Frequency Integrated Circuit	2Q2003	3Q2003	4Q2003	4Q2003	1Q2004

The table below provides the estimated project development costs for the three different main projects.

Estimated Project Development Costs	Dec 2002 - June 2003	July - Dec 2003	T
Base Station Modem Board and Integrated Circuit	\$2,100,000	\$2,300,000	
Handset Modem Integrated Circuit	\$700,000	\$1,800,000	
Radio Frequency Integrated Circuit	\$800,000	\$1,100,000	
Total Estimated Development Costs	\$3,600,000	\$5,200,000	

The estimated financing/liquidity needs for the period of December 2002 through June 2003 is approximately \$3,600,000 and for the period July - December 2003 is approximately \$5,200,000, i.e. the aggregate for the period December 2002 through December 2003 is estimated to be approximately \$8,800,000. We believe that some revenues will be received during year 2003 from the sale of our products and supporting services and this revenue may reduce the

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financing/liquidity needs. The sources of additional funding to support the development are primarily three; the equity line of credit from Cornell capital, the raising of private funds through private placement memoranda, and from credits or equity contributions from strategic partners. We intend to constantly seek alternative funding sources to supplement these three primary sources. Since the equity line of credit with Cornell capital spans over 24 months we may not be able to raise more than a maximum of \$5,400,000 over the first 12 months from Cornell Capital. For full project funding, this means that a minimum of approximately \$3,300,000 may need to be funded included funds from revenues during the year and through private placement arrangements, from credit or equity contributions from strategic partners or through other alternative sources. Should it become apparent that we cannot raise the funds as anticipated then we intend to re-evaluate the priorities between the developments of the three main projects. We anticipate to attempt to reduce the development costs by outsourcing some of the development activities to engineering firms overseas and by acquiring licenses to developed technology that we may integrate with our own developed technology.

We anticipate that the next generation (version 2.0) of our base station modem board is anticipated to incorporate up to 256 channels - up from the currently offered 4 channels. The significance of this is that the more channels a modem board has the fewer number of individual modem boards may be required for a particular base station. This means that the base station equipment can be much smaller in size, consume less power and be less expensive to manufacture and install. It also means that a new type of miniaturized base stations can be developed to incorporate the small area base station. In addition to the base station modem, we intend to develop radio frequency integrated circuit chipsets for the wireless markets. These chipsets may be designed to support the GSM and the W-CDMA markets. Product development cycle of these chipsets is typically 12 to 14 months. We intend to outsource the manufacturing of the chipsets to a third party, essentially categorizing MobilePro as a Fab-less developer of semiconductors. A Fab-less semiconductor developer typically outsources its manufacturing entirely and limits its activities to testing the manufactured chips. Our current plans assume the development of this generation of the base station board to start mid-2003 with commercial products available mid-2004.

The estimated financing/liquidity need for the period of January 2004 through December 2004 is approximately \$10,200,000. We believe that significant revenues may be generated during the year 2004 from the sale of our products and this revenue may reduce our financing/liquidity needs. The sources of additional funding to support the development are primarily three; the equity line of credit from Cornell capital, the raising of private funds through private placement memoranda, and from credits or equity contributions from strategic partners. We intend to constantly seek alternative funding sources to supplement these three primary sources. Since the equity line of credit with Cornell capital is a commitment of \$10,000,000 over 24 months we may not be able to raise more than a maximum of \$4,600,000 over the months 13 - 24 from Cornell Capital in addition to funds raised during year 2003. Should the Company decide to draw down maximum available amount from Cornell capital during the year 2004, then this means for full project funding, that an additional minimum of approximately \$5,600,000 may need to be funded including funds from revenues during the year and through private placement arrangements, from credit or equity contributions from strategic partners or through other alternative sources. Should, like for the plan of operation during year 2003, it become apparent that the revenues may be inadequate or that we cannot raise the funds as anticipated, we intend to re-evaluate the priorities between the developments of the three main projects. We intend to continue to attempt to reduce development costs by outsourcing some of the development activities to engineering firms overseas and by acquiring licenses to developed technology that we may integrate with our own.

The sales cycle for our products is about 6 to 9 months. Currently MobilePro

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intends to offer our prototype modem board to potential prospects. MobilePro's primary markets are Europe and Asia with North America being the secondary market. We intend to build a sales team in these regions to support its customers. In addition to investing in a direct sales force, we intend to continue to develop business relationships with potential partners who can serve

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as an indirect sales channel for our products. We anticipate that our marketing and sales team will gradually grow from one person in January 2003 to approximately seven persons by year-end 2003 and approximately nine persons by year-end 2004. The estimated cost during the year 2003 for the marketing and sales team is approximately \$650,000 and during the year 2004 approximately \$1,200,000. The growth of the marketing and sales team is expected to primarily be during the year 2003. In addition to these estimated personnel expenses we also have expenses for sales collateral, documentation, and various marketing and sales campaigns. The funding for the marketing and sales activities was included in the estimates for the overall plan of operation described above and no separate funding is sought for marketing and sales activities.

Typical price points for the version 1.0 of the board begin at \$10,000.

As a result of the Plan, we expect a significant increase in the number of employees by mid/third quarter 2003 to possibly over 50 employees. The increase in number of employees consist primarily of engineers with an anticipated need of approximately 38 engineers and a total of approximately 12 G&A personnel including marketing and sales personnel by year-end 2003/early 2004. The funding for the increase in employees is included in the overall plan of operation and funding for year 2003.

The overall plan of operation and funding for year 2003 includes proceeds received from the Equity Line of Credit, a private placement offering or debt financing, which the Company intends to use for the following general purposes:

1) Complete the initial phases of the design and development of advanced modems for both the base station and handset markets:

- a. Invest in laboratory facilities including test and simulation equipment with anticipated costs as described above.
- b. Acquire or license certain intellectual property related to the development of modems and communications semiconductor and component technology.

2) Develop plans for third party manufacturing to support the business goals of the Company with anticipated costs as described above.

3) Expand the product offerings of the Company to include radio frequency integrated circuit development with anticipated costs as described above.

4) Develop direct and indirect sales and marketing channels for the Company's products and services:

- a. Develop business partnerships that embrace the Company as their modem supplier for their advanced cellular handsets and user equipment.
- b. Develop plans for extending our solution offerings for use in additional global markets such as Asia and Europe.

5) Pay-down certain debt, such as a convertible debenture from Cornell Capital

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in the amount of \$250,000 plus accrued interest. We also intend to pay-down part of debt owed to Mr. Daniel Lozinsky, a Director, and Mr. Arne Dunhem, an officer and Director, during 2003. The total amount that we plan to pay to Mr. Lozinsky and Mr. Dunhem during 2003 is approximately \$60,000 out of a total outstanding amount of \$277,617.

6) General working capital purposes.

7) In addition to the development of advanced radio frequency and modem solutions for the wireless market, we also intend, as appropriate, to leverage our expertise into delivering wireless applications and systems solutions for the global enterprise markets to include wireless local area networks and the resale of existing wireless software applications. We also intend, as appropriate, to provide specialized radio frequency design services for turnkey wireless systems and wireless telemetry systems. This may include the acquisition of technologies or operations to offer us an entry into these areas of wireless applications, systems solutions or services.

EMPLOYEES

We, as of March 31, 2003, employ three persons and six consultants. If the business grows as we plan, we anticipate that we will need additional persons to fill administrative, sales and technical positions.

FORWARD-LOOKING INFORMATION

From time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, but not limited to, press releases, oral statements made

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with the approval of an authorized executive officer or in various filings made by us with the Securities and Exchange Commission. Words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project or projected", or similar expressions are intended to identify "forward-looking statements". Such statements are qualified in their entirety by reference to and are accompanied by the above discussion of certain important factors that could cause actual results to differ materially from such forward-looking statements.

We are currently unaware of any trends or conditions other than those previously mentioned in this management's discussion and analysis that could have a material adverse effect on the Company's consolidated financial position, future results of operations, or liquidity. However, investors should also be aware of factors that could have a negative impact on the Company's prospects and the consistency of progress in the areas of revenue generation, liquidity, and generation of capital resources. These include: (i) variations in revenue, (ii) possible inability to attract investors for its equity securities or otherwise raise adequate funds from any source should the Company seek to do so, (iii) increased governmental regulation, (iv) increased competition, (v) unfavorable outcomes to litigation involving the Company or to which the Company may become a party in the future and, (vi) a very competitive and rapidly changing operating environment. Other factors that might cause such a difference include, but are not limited to, those discussed below:

RISK FACTORS

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We may not be successful in integrating the business and technology of NeoReach with that of the Company, Which Could Adversely Affect The Quality Of Our Operations, Products And Processes. We acquired NeoReach, Inc. effective April 23, 2002. We may not be successful in integrating the business and technology of NeoReach with the business and operations of the Company. Our failure to integrate successfully could materially adversely affect our operating results, financial condition and the trading price of our stock. Also, our integration efforts may divert our management time and resources from necessary aspects of our business and operations.

We May Not Be Successful In Integrating The Management Team Of NeoReach With That Of Our Company, Which Could Adversely Affect The Leadership Of Our Company, Divert Management Time And Adversely Affect The Business And Results Of Operations.

Mr. Daniel Lozinsky became our President and CEO in February 2002 after he acquired 64.8% of our voting securities. After the acquisition of NeoReach, Mr. Arne Dunhem, on May 10, 2002 replaced Mr. Lozinsky as our President and CEO and Mr. Lozinsky became our Senior Vice President. Our success depends to a significant extent on the leadership and vision of Messrs. Dunhem and Lozinsky. Prior to the merger, Messrs. Lozinsky and Dunhem had no experience working together. Failure to successfully integrate the management teams of the two companies could adversely affect the business and results of operations of the Company. Our future success also depends on our ability to identify, attract, hire, retain and motivate other well-qualified managerial, technical, sales and marketing personnel. There can be no assurance that these professionals will be available in the market or that we will be able to meet their compensation requirements.

There is Substantial Doubt About our Ability to Continue as a Going Concern Due to Recurring Losses and Working Capital Shortages, Which Means That We May Not Be Able To Continue Operations Unless We Obtain Additional Funding.

The report of our independent accountants on our March 31, 2003 financial statements, as noted in Note 10, March 31, 2002 financial statements, as noted in Note 4 and our March 31, 2001 financial statements, as noted in Note 2 included an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern due to our lack of any revenue-generating activities and substantial operating losses. As a result of our acquisition of NeoReach effective in April 2002, we have continued to incur substantial debt obligations. We anticipate that we will incur net losses for the immediate future. We expect our operating expenses to increase significantly, and, as a result, we will need to generate increased monthly revenue if we are to continue as a going concern. To the extent that revenue does not grow at anticipated rates, we do not obtain additional funding, or that increases in our operating expenses precede or are not subsequently followed by commensurate increases in revenue, or that we are unable to adjust operating expense levels accordingly, we may not have the ability to continue on as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We are at development stage and have a limited operating history upon which you can base your investment decision.

The Company had a major shift in its business strategy in June 2001. It was not until June 2001 that the Company focused on the integration and marketing of complete mobile information solutions that satisfy the needs of mobile professionals. The Company acquired NeoReach, another development stage company,

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in April 2002. We directed in 2002 our focus towards solutions supporting the third generation wireless market. We have a limited operating history upon which to evaluate our business plan and prospects. If we are unable to obtain additional external funding or generate revenue from the sales of our products, we could be forced to curtail or cease our operations.

Our business revenue generation model is unproven and could fail. Our revenue model is new and evolving, and we cannot be certain that it will be successful. Our ability to generate revenue depends, among other things, on our ability to leverage NeoReach's technology in the third generation wireless communications market. The potential profitability of this business model is unproven. Accordingly, we cannot assure you that our business model will be successful or that we can sustain revenue growth or achieve or sustain profitability.

We Face Intense Competition From Companies That Have Many Advantages Compared To Our Company.

We currently face significant competition in the telecommunications industry, and expect that this competition will continue, particularly with respect to the market within the telecommunications industry for wireless modem technology. Our competitors include Qualcomm, Nokia, Ericsson, Siemens, Motorola, Samsung and PrairieComm among others. Many of these competitors have advantages, including:

- o existing rights to competing and emerging technologies;
- o longer operating histories and presence in key markets;
- o greater name recognition; and
- o greater financial, sales and marketing, manufacturing, distribution, technical and other resources.

As a result of these factors, these companies may be more successful than we are in the telecommunications industry and the wireless modem technology market.

If we are not able to compete effectively in the highly competitive wireless communications industry, our future growth and operating results will suffer. Our ability to compete effectively with our competitors depends on the following factors, among others:

- o the performance of our modem technology in a manner that meets customer expectations;
- o the success of our efforts to develop effective channels of distribution for our products;
- o our ability to price our products that are of a quality and at a price point that is competitive with similar or comparable products offered by our competitors;
- o general conditions in the wireless communications industry;
- o the success of our efforts to develop, improve and satisfactorily address any issues relating to our modem technology; and
- o the timely delivery and successful implementation of new technologies deployed in connection with any third generation services offered by the national and international wireless communications service providers.

We May Not Be Able To Effectively Protect Our Intellectual Property Rights, The Foundation Of Our Business, Which Could Harm Our Business By Making It Easier For Our Competitors To Duplicate Our Services.

We regard certain aspects of our products, processes, services and technology as

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proprietary. We have taken steps to protect them with patents, copyrights, trademarks, restrictions on disclosure and other methods. Despite these precautions, we cannot be certain that third parties will not infringe or misappropriate our proprietary rights or that third parties will not independently develop similar products, services and technology. Any infringement, misappropriation or independent development could cause us to cease operations.

We have filed patent applications with respect to our wireless modern technology, but these may not be issued to us, and if issued, may not protect our intellectual property from competition which could seek to design around or

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invalidate these patents. Our failure to adequately protect our proprietary rights in our products, services and technology could harm our business by making it easier for our competitors to duplicate our services.

We own several Internet domain names, including www.mobileprocorp.com and www.neoreach.com. The regulation of domain names in the United States and in foreign countries may change. Regulatory bodies could establish additional top-level domains or modify the requirements for holding domain names, any or all of which may dilute the strength of our name. We may not acquire or maintain our domain name or additional common names in all of the countries in which our marketplace may be accessed, or for any or all of the top-level domains that may be introduced. The relationship between regulations governing domain names and laws protecting proprietary rights is unclear. Therefore, we may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights.

We may have to resort to litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others, or defend ourselves from claims of infringement, invalidity or unenforceability. Litigation may be expensive and divert resources even if we win. This could adversely affect our business, financial condition and operating results such that it could cause us to reduce or cease operations.

Consolidations in the wireless communications industry could adversely affect our business to include a reduction or elimination of our proportionate share of the emerging market.

The wireless communications industry has experienced consolidation of participants, and this trend may continue. If wireless carriers consolidate with companies that utilize technologies that are similar to or compete with our wireless modem technology, our proportionate share of the emerging market for wireless modem technologies may be reduced or eliminated. This reduction or elimination of our market share could cause us to reduce or cease operations.

We May Not Be Able To Keep Up With Rapid Technological Changes, Which Could Render Our Products And Processes Obsolete.

The wireless communications industry is characterized by rapid technological change, changes in customer requirements and preferences, frequent introduction of products and services embodying new technologies and the emergence of new industry standards and practices that could render our existing technology and systems obsolete. Our future success will depend on our ability to enhance and improve the responsiveness, functionality, accessibility and features of our products. We expect that our marketplace will require extensive technological upgrades and enhancements to accommodate many of the new products and services that we anticipate will be added to our marketplace. We cannot assure you that we will be able to expand and upgrade our technology and systems, or successfully integrate new technologies or systems we develop in the future, to

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accommodate such increases in a timely manner.

Shareholders may have difficulty selling their shares in the secondary market given the nature of the Bulletin Board and rules relating to low-price stocks, or the "Penny Stock" rules.

The Common Stock is quoted on the Bulletin Board. Shares traded on this system are often characterized by low trading volumes and volatile prices. As a result, investors may find it more difficult to dispose of or to obtain accurate quotations of the Common Stock. In addition, quotations on the Bulletin Board depend on the willingness of broker-dealers to make a market for the stock. There can be no assurance that the Common Stock will continue to be quoted on the Bulletin Board or that there will continue to be a market for such stock.

Further, the SEC has adopted regulations which define a "penny stock" to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. The Common Stock presently is a "penny stock" and, accordingly, is subject to rules that impose additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors. There can be no assurance that the Common Stock will trade for \$5.00 or more per share, or if so, when. Consequently, the "penny stock" rules may restrict the ability of broker/dealers to sell the Common Stock and may affect the ability of the purchasers of any future offering by the Company to sell the Common Stock in a secondary market.

We May Not Effectively Manage The Growth Necessary To Execute Our Business Plan, Which Could Adversely Effect The Quality Of Our Operations And Our Costs

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In order to achieve the critical mass of business activity necessary to successfully execute our business plan, we must significantly increase the number of strategic partners and customers that use our technology. This growth will place significant strain on our personnel, systems and resources. We cannot be sure that we will manage our growth effectively, and our failure to do so could cause us to cease operations. We also expect that we will continue to hire employees, including technical, management-level employees, and sales staff for the foreseeable future. This growth will require us to improve management, technical, information and accounting systems, controls and procedures. We may not be able to maintain the quality of our operations, control our costs, continue complying with all applicable regulations and expand our internal management, technical information and accounting systems in order to support our desired growth.

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ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2003 AND 2002

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2003 AND 2002

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BAGELL, JOSEPHS & COMPANY, L.L.C.
Certified Public Accountants

High Ridge Commons
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200 Haddonfield Berlin Road
Gibbsboro, New Jersey 08026
(856) 346-2828 Fax (856) 346-2882

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Mobilepro Corp and Subsidiary

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Rockville, Maryland

We have audited the accompanying consolidated balance sheets of Mobilepro Corp and Subsidiary (formerly Craftclick.Com, Inc.) (A Development Stage Company) (the "Company") as of March 31, 2003 and 2002 and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended, with cumulative totals since the Company's inception, for the statements of operations, changes in stockholders' equity (deficit) and cash flows. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The accompanying consolidated financial statements for the years ended March 31, 2003 and 2002 have been prepared assuming that the Company will continue as a going concern. As discussed in Note 10 to the consolidated financial statements, the Company has sustained operating losses and capital deficits that raise substantial doubt about its ability to continue as a going concern. Management's operating and financing plans in regard to these matters are also discussed in Note 10. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mobilepro Corp and Subsidiary (A Development Stage Company) as of March 31, 2003 and 2002 and the results of its operations, changes in stockholders' equity (deficit) and their cash flows for the years then ended and the cumulative totals since the Company's inception in conformity with accounting principles generally accepted in the United States of America.

BAGELL, JOSEPHS & COMPANY, L.L.C.
BAGELL, JOSEPHS & COMPANY, L.L.C.
Certified Public Accountants
Gibbsboro, New Jersey
July 10, 2003

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
 NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
 NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2003 AND 2002

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ASSETS	2003	2002
	-----	-----
CURRENT ASSETS		
Cash	\$ 6,715	\$ 154
Other current assets	9,518	--
	-----	-----
Total current assets	16,233	154
FIXED ASSETS, Net	36,469	--
	-----	-----
TOTAL ASSETS	\$52,702	\$ 154
	=====	=====

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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS (CONTINUED)
MARCH 31, 2003 AND 2002

LIABILITIES AND STOCKHOLDERS' DEFICIT

	2003	2002
	-----	-----
CURRENT LIABILITIES		
Current portion of officer advances	\$ 30,000	\$ 4
Current portion of note payable - Maryland Department of Revenue and Economic Development	4,500	
Notes payable - sellers	75,000	7
Notes payable - other	100,000	
Convertible debentures	215,000	
Equity line of credit	160,000	
Accounts payable and accrued expenses	1,234,880	18
	-----	-----
TOTAL CURRENT LIABILITIES	1,819,380	30
	-----	-----
LONG-TERM LIABILITIES		
Officer advances - net of current portion	247,617	
Note payable - Maryland Department of Business and Economic Development - net of current portion	95,500	

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TOTAL LONG-TERM LIABILITIES	343,117	
TOTAL LIABILITIES	2,162,497	30
STOCKHOLDERS' DEFICIT		
Preferred stock, \$.001 par value, authorized 5,035,425 shares, and 35,425 shares issued and outstanding	35	
Common stock, \$.001 par value, authorized 600,000,000 and 50,000,000 shares, and 30,175,122 and 4,175,492 shares issued and outstanding	30,175	
Additional paid-in capital	11,538,979	3,59
Deficit accumulated during development stage	(13,678,984)	(3,90)
TOTAL STOCKHOLDERS' DEFICIT	(2,109,795)	(30)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 52,702	\$

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

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MOBILEPRO CORP AND SUBSIDIARY (FORMERLY CRAFTCLICK.COM, INC.) (A DEVELOPMENT STAGE COMPANY) CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED MARCH 31, 2003 AND 2002 (WITH CUMULATIVE TOTALS SINCE INCEPTION)

	2003	2002	Cumulative Totals Since Inception
REVENUES	\$ --	\$ --	\$ --
COST OF SALES	--	--	--
GROSS PROFIT	--	--	--
OPERATING EXPENSES			
Professional fees and compensation expenses	2,250,229	2,627,800	4,878,029
Advertising and marketing expenses	26,034	--	26,034
Research and development	8,495	--	8,495
General and administrative expenses	80,426	519,318	1,608,938
Office rent and expenses	86,068	--	86,068
Travel and meals expenses	12,562	--	12,562
Depreciation	15,352	--	15,352
TOTAL OPERATING EXPENSES	2,479,166	3,147,118	6,635,478
LOSS BEFORE OTHER INCOME (EXPENSES)	(2,479,166)	(3,147,118)	(6,635,478)

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OTHER INCOME (EXPENSES)			
Interest income	--	56	56
Forgiveness of debt	--	276,738	276,738
Other expense	--	(27,608)	(27,608)
Interest expense	(48,698)	(469)	(49,167)
Impairment of goodwill	(7,190,374)	--	(7,190,374)
Amortization of discount of stock conversion	(53,151)	--	(53,151)
	-----	-----	-----
TOTAL OTHER INCOME (EXPENSES)	(7,292,223)	248,717	(7,043,506)
	-----	-----	-----
NET LOSS BEFORE PROVISION			
FOR INCOME TAXES			
Provision for income taxes	--	--	--
	-----	-----	-----
NET LOSS APPLICABLE TO COMMON SHARES	\$ (9,771,389)	\$ (2,898,401)	\$ (13,678,984)
	=====	=====	=====
NET LOSS PER BASIC AND DILUTED SHARES	\$ (0.45)	\$ (0.45)	\$ (0.63)
	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING	21,802,658	6,462,746	21,802,658
	=====	=====	=====

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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS IN CHANGES OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIODS APRIL 1, 2000 TO MARCH 31, 2003
THE FORMER COMPANY CRAFTCLICK.COM, INC. AND THE REVERSE ACQUISITION
THAT OCCURRED AS OF JUNE 1, 2001

CRAFTCLICK.COM, INC. ACTIVITY:	COMMON STOCK	AMOUNT	PREFERRED STOCK	AMOUNT
	SHARES		SHARES	
	-----	-----	-----	-----
BALANCE - MARCH 31, 2000	16,931,444	16,931	101,000	1
Issued preferred shares under PPM April-June, 2000	38,000	38	379,962	--
Issued common and preferred shares for debt, December 31, 2000	25,000,000	25,000	1,000	
Issued common shares for assets/acquired companies	430,000	430	--	--
Options granted for Note Receivable	1,903,574	1,904	--	--
Issued stock for investment	500,000	500	--	--

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Issued stock for services	4,040,000	4,040	--	--
Net loss for year ended March 31, 2001	--	--	--	--
BALANCE - MARCH 31, 2001	48,805,018	48,805	140,000	1
Stock issued in conversion of preferred stock into common stock	6,877,678	6,878	(104,622)	(1
Consolidation of shares due to corporate change in domicile	(55,125,493)	(55,125)	--	--
Issuance of common stock as part of Craftclick acquisition of Mobilepro	8,750,000	8,750	--	--
Net loss Craftclick for April 1, 2001 to May 31, 2001	--	--	--	--

	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NET STOCKHOLDERS' DEFICIT
	-----	-----	-----
CRAFTCLICK.COM, INC. ACTIVITY:			
BALANCE - MARCH 31, 2000	5,354,232	(2,848,780)	2,522,484
Issued preferred shares under PPM April-June, 2000	380,000		
Issued common and preferred shares for debt, December 31, 2000	84,999	--	110,000
Issued common shares for assets/acquired companies	322,070	--	322,500
Options granted for Note Receivable	473,096	--	475,000
Issued stock for investment	499,500	--	500,000
Issued stock for services	1,280,883	--	1,284,923
Net loss for year ended March 31, 2001	--	(5,630,700)	(5,630,700)
BALANCE - MARCH 31, 2001	8,394,742	(8,479,480)	(35,793)
Stock issued in conversion of preferred stock into common stock	(6,773)	--	--
Consolidation of shares due to corporate change in domicile	55,125	--	--
Issuance of common stock as part of Craftclick acquisition of Mobilepro	(8,750)	--	--
Net loss Craftclick for April 1, 2001 to May 31, 2001	--	(377)	(377)

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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS IN CHANGES OF STOCKHOLDERS'
EQUITY (DEFICIT) (CONTINUED)
FOR THE PERIODS APRIL 1, 2000 TO MARCH 31, 2003
THE FORMER COMPANY CRAFTCLICK.COM, INC. AND THE REVERSE ACQUISITION THAT
OCCURRED AS OF JUNE 1, 2001

	COMMON STOCK SHARES	AMOUNT	PREFERRED STOCK SHARES	AMOUNT
	-----	-----	-----	-----
MOBILEPRO CORP ACTIVITY:				
Recapitalization due to merger - Craftclick	-	-	-	
Recapitalization due to merger - Mobilepro	-	-	47	
Issuance of shares to cover convertible debt	3,000,000	3,000	-	
Issuance of common stock for services and salaries	2,600,000	2,600	-	
Issuance of common stock for services	1,500,000	1,500	-	
Issuance of common stock for warrants	330,000	330	-	
Issuance of common stock for services	25,000	25	-	
Reverse stock split	(16,677,711)	(16,678)	-	
Issuance of common stock for services	3,000,000	3,000	-	
Issuance of common stock for services	106,000	106	-	
Conversion of debt for issuance of common shares	25,000	25	-	
Issuance of common stock for services	960,000	960	-	
Net loss for the year	-	-	-	

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BALANCE MARCH 31, 2002	4,175,492	\$ 4,176	35,425	\$
------------------------	-----------	----------	--------	----

	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NET STOCKHOLDERS ' DEFICIT
	-----	-----	-----
MOBILEPRO CORP ACTIVITY:			
Recapitalization due to merger - Craftclick	(8,479,857)	8,479,857	-
Recapitalization due to merger - Mobilepro	1,009,194	(1,009,194)	-
Issuance of shares to cover convertible debt	477,000	-	480,000
Issuance of common stock for services and salaries	413,400	-	416,000
Issuance of common stock for services	246,000	-	247,500
Issuance of common stock for warrants	577,170	-	577,500
Issuance of common stock for services	1,225	-	1,250
Reverse stock split	16,678	-	-
Issuance of common stock for services	237,000	-	240,000
Issuance of common stock for services	111,194	-	111,300
Conversion of debt for issuance of common shares	26,225	-	26,250
Issuance of common stock for services	527,040	-	528,000
Net loss for the year	-	(2,898,401)	(2,898,401)
BALANCE MARCH 31, 2002	\$ 3,596,613	\$ (3,907,595)	\$ (306,771)

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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS IN CHANGES IN STOCKHOLDERS'

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EQUITY (DEFICIT) (CONTINUED)
FOR THE PERIODS APRIL 1, 2000 TO MARCH 31, 2003
THE FORMER COMPANY CRAFTCLICK.COM, INC. AND THE REVERSE
ACQUISITION THAT OCCURRED AS OF JUNE 1, 2001

	COMMON STOCK SHARES	AMOUNT	PREFERRE SHARES
	-----	-----	-----
BALANCE - MARCH 31, 2002	4,175,492	\$ 4,176	35,425
Shares issued in merger with NeoReach acquisition	12,352,129	12,352	-
Shares issued for consulting	690,000	690	-
Shares issued for equity line conversion	784,314	784	-
Shares issued for cash	160,000	160	-
Shares issued for consulting	145,000	145	-
Shares issued for consulting	500,000	500	-
Shares issued for cash	100,000	100	-
Shares issued for cash	150,000	150	-
Shares issued for consulting	209,853	210	-
Shares issued for salary	150,000	150	-
Shares issued for services	100,000	100	-
Shares issued in escrow agreement	10,000,000	10,000	-
Shares issued for services	658,334	658	-
Shares exchanged from escrow to pay debt	-	-	-
Net loss for the year ended March 31, 2003	-	-	-
BALANCE MARCH 31, 2003	30,175,122	\$ 30,175	35,425
	=====	=====	=====

	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	NET STOCKHOLD DEFICIT
	-----	-----	-----
BALANCE - MARCH 31, 2002	\$ 3,596,613	\$ (3,907,595)	\$ (306,
Shares issued in merger with NeoReach acquisition	6,534,276	-	6,546,

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Shares issued for consulting	316,710	-	317,
Shares issued for equity line conversion	516,863	-	517,
Shares issued for cash	38,840	-	39,
Shares issued for consulting	65,105	-	65,
Shares issued for consulting	219,500	-	220,
Shares issued for cash	24,900	-	25,
Shares issued for cash	14,850	-	15,
Shares issued for consulting	62,746	-	62,
Shares issued for salary	14,850	-	15,
Shares issued for services	24,900	-	25,
Shares issued in escrow agreement	(10,000)	-	
Shares issued for services	25,675	-	26,
Shares exchanged from escrow to pay debt	93,151	-	93,
Net loss for the year ended March 31, 2003	-	(9,771,389)	(9,771,
BALANCE MARCH 31, 2003	\$ 11,538,979	\$ (13,678,984)	\$ (2,109,
	=====	=====	=====

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

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MOBILEPRO CORP AND SUBSIDIARY (FORMERLY CRAFTCLICK.COM, INC.) (A DEVELOPMENT STAGE COMPANY) CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2003 AND 2002 (WITH CUMULATIVE TOTALS SINCE INCEPTION)

	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (9,771,389)	\$ (2,89
	-----	-----
Adjustments to reconcile net loss to net cash		

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(used in) operating activities:

Forgiveness of debt	--	(27
Depreciation	15,352	
Impairment of goodwill	7,190,374	
Amortization of interest on conversion of debt	53,151	
Issued common stock for services, compensation and conversion of debt	1,249,586	2,62
Changes in Assets and Liabilities		
Decrease in other current assets	13,194	
Increase in accounts payable and accrued expenses	428,938	15
	-----	-----
Total adjustments	8,950,595	2,50
	-----	-----
Net cash used in operating activities	(820,794)	(38
	-----	-----

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES

Proceeds from common stock issuances	79,000	
Net proceeds from convertible debentures and equity line of credit	415,000	
Proceeds from borrowings, net	--	34
Change in officer advances net	233,355	4
Net proceeds from issuance of notes payable	100,000	
	-----	-----
Net cash provided by financing activities	827,355	38
	-----	-----

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

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MOBILEPRO CORP (FORMERLY CRAFTCLICK.COM, INC.) (A DEVELOPMENT STAGE COMPANY) STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED MARCH 31, 2002 AND PERIOD JULY 14, 2000 (INCEPTION) THROUGH MARCH 31, 2001 (WITH CUMULATIVE TOTALS SINCE INCEPTION)

	2003	2002	CUMULATIVE TOTALS SINCE INCEPTION
	-----	-----	-----
NET INCREASE IN CASH	6,561	87	6
CASH BALANCE - BEGINNING OF PERIOD	154	67	
	-----	-----	-----
CASH BALANCE - END OF PERIOD	\$ 6,715	\$ 154	\$ 6
	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF NON CASH			

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ACTIVITIES:

Issuance of common stock for:

Services, compensation and conversion of debt	\$1,249,586	\$ 2,627,800	\$ 4,471
	=====	=====	=====
Impairment of goodwill	\$7,190,374	\$ --	\$ 7,190
	=====	=====	=====
Amortization of interest on conversion of debt	\$ 53,151	\$ --	\$ 53
	=====	=====	=====
Conversion of equity line of credit to stock	\$ 40,000	\$ --	\$ 40
	=====	=====	=====
Acquisition of NeoReach, Inc.			

Fixed assets	\$ 51,821	\$ --	\$ 51
Other current assets	22,712	--	22
Note payable - Maryland Department of Business and Economic Development	(100,000)	--	(100)
Accounts payable	(618,279)	--	(618)
Goodwill	7,190,374	--	7,190
	-----	-----	-----
Fair value of common stock and additional paid-in capital issued for NeoReach, Inc.	\$6,546,628	\$ --	\$ 6,546
	=====	=====	=====

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

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MOBILEPRO CORP AND SUBSIDIARY (FORMERLY CRAFTCLICK.COM, INC.) (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2003 AND 2002

NOTE 1- ORGANIZATION

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

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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.

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 communication 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.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 1- ORGANIZATION (CONTINUED)

On March 12, 2003, the Company amended its Articles of Incorporation, and pursuant to a board resolution, increased the authorized level of common stock from 50,000,000 to 600,000,000. In addition, the Company increased the shares authorized under its 2001 Equity performance Plan from 1,000,000 to 6,000,000.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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PRINCIPLES OF CONSOLIDATION

The 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 and its subsidiary are development stage companies. The Company since April 23, 2002 devotes 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.

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 disclosure 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.

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 or cash equivalents.

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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 2-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Company was a development stage company and had no revenues during the period reported. For the period going

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forward, the Management has adopted 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 sale 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.

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.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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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 March 31, 2003 is \$0 due to the valuation allowance established as described in Note 15.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

ADVERTISING COSTS

The Company expenses the costs associated with advertising as incurred. Advertising and promotional expenses were approximately \$26,034 and \$-0- for the years ended March 31, 2003 and 2002, 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.

There was \$15,352 and \$-0- charged to operations for depreciation expense for the years ended March 31, 2003 and 2002, respectively. The Company acquired \$51,821 of net fixed assets from NeoReach, Inc. in its acquisition of its subsidiary.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECLASSIFICATIONS

Certain amounts in the March 31, 2002 financial statements were reclassified to conform to the March 31, 2003 presentation.

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.

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

	MARCH 31, 2003 -----	MARCH 31, 2002 -----
Net loss	\$ (9,771,389)	\$ (2,898,401)
Weighted-average common shares Outstanding (Basic)	21,802,658	6,462,746
Weighted-average common stock Equivalents		
Stock options	-	-
Warrants	-	-
Weighted-average common shares Outstanding (Diluted)	21,802,658	6,462,746

Options and warrants outstanding to purchase stock were not included in the computation of diluted EPS for March 31, 2003 and 2002 because inclusion would have been antidilutive.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

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 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 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 the 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 of Net method as the title implies. The emerging Issues Task Force has not reach a consensus but sites SEC Staff Accounting Bulletin 101. EITF 99-19 does not affect the consolidated financial statements.

On July 20, 2000, the Emerging Issues Task Force issued EITF 00-14 "Accounting for Certain Sales Incentives" which established 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.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENT ACCOUNTING PRONOUNCEMENTS

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 was utilized in preparing the consolidated financial statements for March 31, 2003.

NOTE 3- NOTE PAYABLE - MARYLAND DEPARTMENT OF BUSINESS & ECONOMIC DEVELOPMENT

The Company entered into an agreement with the Maryland Department of Business and Economic Development ("DBED") in the amount of \$100,000, which represents DBED's investment in the Challenge Investment Program ("CIP Agreement") dated March 29, 2001. The term of the CIP Agreement extends through June 30, 2011. Beginning April 30, 2002 and continuing annually thereafter until April 30, 2011, the Company shall make a payment (the "Equity Financing Payment") which shall be equal to 1% of the Company's Aggregate Equity Financing Amount for the year immediately preceding the April 30th payment date greater than \$500,000, not to exceed \$300,000. The Aggregate Equity Financing Amount shall mean the total amount of capital raised by the Company through the sale, transfer, or exchange of its stock, options, warrants or any security convertible into its stock, options, or warrants during the calendar year immediately preceding the April 30th payment date. There have been no payments made on this note. The outstanding balance at March 31, 2003 is \$100,000.

Current portion	\$ 4,500
Long-term portion	95,500

	\$ 100,000
	=====

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 4- CONVERTIBLE DEBENTURES

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 and are convertible at the holders option. Holders of the debentures have certain registration rights with respect to the resale of common stock received upon conversion of the debentures. The term of the debentures are five years. As of March 31, 2003 there were \$215,000 outstanding. Interest accrued approximated \$8,333 at March 31, 2003.

NOTE 5- EQUITY LINE OF CREDIT

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. Cornell Capital will purchase the shares at a 9% discount to the prevailing market price of the common stock.

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 registration statement became effective approximately May 9, 2003.

In the event Cornell Capital holds more than 9.9% of the then-outstanding common stock of the Company, the Company will be unable to draw down on the Equity Line of Credit. Currently, Cornell Capital has beneficial ownership of 9.9% of the Company's common stock and therefore would be unable to draw down on the Equity Line of Credit unless Cornell

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Capital's beneficial ownership is below 10%. If the Company is unable to draw down on the Equity Line of Credit, are unable to obtain additional external funding or generate revenue from the sale of its products, the Company could be forced to curtail or cease operations.

The Company drew \$200,000 on the Equity Line on February 26, 2003. This note was payable in eighty-two (82) calendar days. The Company agreed to escrow ten (10) requests for advances under the Agreement in amount not less than \$20,000. At March 31, 2003 there was \$160,000 outstanding on the note. If the note is not paid in full when due then interest would accrue at 24% per annum. The Company, as part of the Equity Line of Credit, advanced 10,000,000 shares of its common stock to the escrow agent Butler Gonzalez, LLP.

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MOBILEPRO CORP AND SUBSIDIARY
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(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 5- EQUITY LINE OF CREDIT

The Company on May 9, 2003, entered into a second Equity Line of Credit, for \$200,000 with Cornell Capital Partners, L.P. with the same terms as the February 26, 2003 Equity Line of Credit.

NOTE 6- LONG-TERM DEBT - SELLERS

In February, 2002, as part of the Company's President's private purchase of stock, the Company entered into two (2) promissory notes of \$37,500 each (\$75,000 total) with the seller and a related entity to the seller. These notes were due September 1, 2002 at an annual rate of interest on the notes of 5%. Since the Company failed to pay the notes on the due date, interest will be charged at 15%. There were no payments made and this note is in default. Interest expense for March 31, 2003 and 2002 were \$9,927 and \$469, respectively.

NOTE 7- OFFICERS ADVANCES/ CONVERTIBLE DEBENTURES - OFFICERS

The amounts represent advances to and from officers of the Company. These advances through March 31, 2003 were interest-free and anticipated to be repaid in the next year. The advances were necessary to cover working capital deficiencies. The balances at March 31, 2003 and 2002 were \$277,617 and \$44,262, respectively.

Pursuant to these advances, on May 16, 2003, the Company entered into two (2) separate 4% convertible debentures with two officers who advanced the Company the \$277,617. The debentures are due May 15, 2005. The terms of the convertible debentures are that the Company will accrue interest at 4% per

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annum retroactive to the date of the advances, and that accrued interest plus the principal advanced shall be either (a) paid to the holder on the second year anniversary (May 15, 2005) or (b) converted from time to time until payment in full in accordance with the conversion terms as stipulated in the debenture, except for \$30,000 of which is due and payable on or before September 1, 2003.

NOTE 8- STOCKHOLDERS DEFICIT

The beginning balances reflected as of March 31, 2000 through June 1, 2001 are those of the former company (registrant) Craftclick.com, Inc. On June 6, 2001 Craftclick.com, Inc. and Mobilepro Corp merged under a reverse merger as of June 1, 2001. Upon that merger the stockholders' equity of Mobilepro Corp (a former private company) under a recapitalization, became that equity of the public entity. Upon the recapitalization, 8,750,000 shares were issued to the former Craftclick.com, Inc.'s stockholders.

Additionally, from June 1, 2001 to March 31, 2002, the Company issued 8,216,000 shares for services valued at fair market value. There were 3,025,000 shares issued for conversion of debt. Finally, 330,000 shares were issued because of a special warrant.

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MOBILEPRO CORP AND SUBSIDIARY
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(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 8- STOCKHOLDERS DEFICIT (CONTINUED)

On March 12, 2003, the Company amended its Articles of Incorporation, and pursuant to a board resolution, increased the authorized level of common stock from 50,000,000 to 600,000,000. In addition, the Company increased the shares authorized under its 2001 Equity performance Plan from 1,000,000 to 6,000,000.

The following details the stock transactions after the recapitalization through March 31, 2002.

COMMON STOCK

On June 1, 2001, the Company issued 3,000,000 shares in a conversion of debt. The issuance of shares were valued at \$480,000 (16 cents per share), the fair value of the Company's stock at that time.

On June 1, 2001, the Company issued 2,600,000 shares for services and compensation at a value of \$416,000 (16 cents per share), the fair value of the Company's stock at that time.

On August 1, 2001, the Company issued 330,000 shares that were the result of the exercising of warrants. The value of \$577,500 (\$1.75 per share) was the fair value of the Company's

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stock at that time.

On September 6, 2001, the Company issued 1,500,000 shares for services at a value of \$247,500 (16.5 cents per share), the fair value of the Company's stock at that time.

On October 26, 2001, the Company issued 25,000 shares for services at a value of \$1,250 (5 cents per share), the fair value of the Company's stock at that time.

On November 19, 2001, the Company had a 1 for 200 reverse stock split which effectively reduced their issued and outstanding shares 16,677,711. Additionally, on that date the Company issued 3,000,000 shares for services in conjunction with an Investors Rights Agreement at a value of \$240,000 (8 cents per share), the fair value of the Company's stock at that time.

On February 15, 2002, the Company issued 106,000 shares for services at a value of \$111,300 (\$1.05 per share), the fair value of the Company's stock at that time.

On February 19, 2002, the Company issued 25,000 shares in conversion of a note payable at a value of \$26,250 (\$1.05 per share), the fair value of the Company's stock at that time.

On March 18, 2002, the Company issued 960,000 shares for services. These shares were issued at 55 cents per share (\$528,000) based on a Board Resolution on March 6, 2002.

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MOBILEPRO CORP AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 8- STOCKHOLDERS DEFICIT (CONTINUED)

The following details the stock transactions for the period April 1, 2002 through March 31, 2003.

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 31, 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

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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 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 the 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.

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MOBILEPRO CORP AND SUBSIDIARY
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(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 8- STOCKHOLDERS DEFICIT (CONTINUED)

COMMON STOCK (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 Company, 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

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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.

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 of Resolution fixing the value of the securities on and as of August 9, 2002. 150,000 shares of the 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 19, 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

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 8- STOCKHOLDERS DEFICIT (CONTINUED)

COMMON STOCK (CONTINUED)

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 the stock at that time. The Company also

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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 believes the issuance of the stock to be exempt from registration under Section 4(2) of the Securities Act.

On March 4, 2003 the Company issued 658,334 shares to Cornell Capital for a fee for filing the SB2 registration statement late. The fair value of the services was \$26,333.

On March 5, 2003, the Company issued 10,000,000 shares of its common stock to the escrow agent for use in raising money on the Equity Line of Credit.

On March 17th and 25th the Company exchanged 2,739,726 shares respectively and converted \$40,000 of debt in total and recognized \$53,151 of amortization of beneficial interest.

PREFERRED STOCK

There was no change in preferred stock during the year ended March 31, 2003, and only a slight increase in the number of shares (47) due to the recapitalization of the Company for the year ended March 31, 2002.

NOTE 9- 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:

1. "Smart Antenna with Adaptive Convergence Parameter" with PTO Patent Number 6,369,757, issued April 9, 2002;
2. "A Smart Antenna With No Phase Calibration for CDMA Reverse Link" with PTO Patent Number 6,434,375 issued August 13, 2002;

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MOBILEPRO CORP AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 9- PATENTS (CONTINUED)

3. "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;
4. "New Cellular Architecture for Code Division Multiple Access SMOA Antenna Array Systems" with PTO Patent Number 6,459,895, issued October 1, 2002; and
5. "Direction of Arrival Angel Tracking Algorithm for Smart Antennas" with PTO Patent Number 6,483,459, issued 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.

NOTE 10- GOING CONCERN

As shown in the accompanying consolidated financial statements the Company has sustained net operating losses for the years ended March 31, 2003 and 2002. 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 and has received funding in the past fiscal year from Cornell Capital Partners, L.P. With this funding, the Company's market value decreased tremendously causing its stock price to drop below \$0.01.

Even with continued funding by Cornell Capital Partners, L.P., the Company still does not have any operating revenues, therefore this raises substantial doubt as to the Company's ability to continue as a going concern. Management is searching for a viable operating entity to consider as a merger partner in an effort to produce positive operations and cash flows.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 11- COMMITMENTS

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 November 8, 2002, the Company entered into a sublease agreement with Amisys, L.L.C. The term of the lease was effective December 1, 2002 and terminates December 31, 2006. A security deposit of \$9,518 was required at execution of the lease and has been made.

Minimum annual rental payments for the next five years are as follows:

March 31,	

2004	\$105,700
2005	\$120,364
2006	\$125,188
2007	\$130,196
2008	\$ 44,540

NOTE 12- IMPAIRMENT OF GOODWILL

As part of the Company's acquisition of its subsidiary NeoReach, Inc., the Company recognized \$7,190,374 in goodwill which represented the excess of the fair value of the stock paid for the net assets received in accordance with FASB No. 142. Management has considered this goodwill to be completely impaired and is reflected in the consolidated statements of operations for the year ended March 31, 2003 as such.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 13- LITIGATION/ LEGAL PROCEEDINGS

As of March 31, 2003, the Company was party to four legal proceedings. Mr. Tatcha Chulajata, a former employee of Mobilepro 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 currently negotiating a settlement with the employee with respect to the claim. This amount is included in accrued wages at March 31, 2003.

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 named Mr. Man Hyuk Park, Mr. Sang Humn Lee and Mr. Yang Hoon Jung and all were employed as Senior or Principal Engineer since September 2001, June 2000 and August 2001, respectively. Due to financial difficulties encountered by Mobilepro in 2001 and 2002, the three individuals received reduced salaries. Mobilepro is currently negotiating settlements with the three former employees with respect to the claims. The Company has included these amounts in accrued wages at March 31, 2003.

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 claimed a total of \$97,335 for unpaid wages from February 2002 through August 2002. The complaint was subsequently dismissed by the State of Illinois, Department of Labor in April 2003. 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 Mobilepro in 2002, Mr. Smith's salary was deferred as part of an agreement between Mr. Smith and Mobilepro. A settlement agreement was mutually signed and executed on August 30, 2002. Due to the Company's inability to pay full amounts per the settlement agreement, negotiations have been ongoing for an

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adjusted payment plan. As of the date of this report, no revised settlement agreement has been reached. The Company has recorded the full liability on its books at March 31, 2003.

Virginia University of Technology, Sponsored Programs, claims from the Company approximately \$80,000 for unpaid research and development work performed by the University for NeoReach during the years 2001 and 2000. The Company is currently negotiating a settlement with the University with respect to the claim. This amount is currently reflected in accounts payable for the Company at March 31, 2003.

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MOBILEPRO CORP AND SUBSIDIARY
(FORMERLY CRAFTCLICK.COM, INC.)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2003 AND 2002

NOTE 13- LITIGATION/ LEGAL PROCEEDINGS (CONTINUED)

Dungavel, Inc. claims from the Company as a result of the February 19, 2002 Stock Purchase Agreement between Mr. Daniel Lozinsky and Dungavel, Inc. a total of \$37,500. The Company intends to negotiate a settlement with Dungavel with respect to this claim. This amount is currently accounted for in the notes payable outstanding at March 31, 2003.

NOTE 14- SUBSEQUENT EVENTS

The Company on May 9, 2003, entered into a second Equity Line of Credit, for \$200,000 with Cornell Capital Partners, L.P. with the same terms as the February 26, 2003 Equity Line of Credit.

On May 16, 2003, the Company entered into two (2) separate 4% convertible debentures with two officers who advanced the Company the \$277,617. The debentures are due May 15, 2005. The terms of the convertible debentures are that the Company will accrue interest at 4% per annum retroactive to the date of the advances, and that accrued interest plus the principal advanced shall be either (a) paid to the holder on the second year anniversary (May 15, 2005) or (b) converted from time to time until payment in full in accordance with the conversion terms as stipulated in the debenture, except for \$30,000 of which is due and payable on or before September 1, 2003.

The Company has executed a Memorandum of Understanding (MOU) under which it intends to acquire GBH Telecom, LLC (GBH) in a tax-free stock swap transaction. The Company anticipates to close the transaction in its second fiscal quarter.

GBH is a development stage company that operates a web-based enterprise web-portal offering prepaid, subscription-based U.S. domestic and International voice and data services.

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Under the terms of the MOU, upon completion of the proposed transaction, GBH shareholders are anticipated to secure a majority control position within the Company.

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MOBILEPRO CORP AND SUBSIDIARY (FORMERLY CRAFTCLICK.COM, INC.) (A DEVELOPMENT STAGE COMPANY) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2003 AND 2002

NOTE 15- PROVISION FOR INCOME TAXES

The Company did not provide for income taxes in the years ended March 31, 2003 and 2002. Additionally, the Company established a valuation allowance equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

At March 31, 2003 and 2002, the deferred tax assets consists of the following:

	2003	2002
	-----	-----
Deferred taxes due to net operating loss carryforwards	\$ 3,671,000	\$ 1,563,018
Less: Valuation allowance	(3,671,000)	(1,563,018)
	-----	-----
Net deferred tax asset	\$ -	\$ -
	=====	=====

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

Effective June 6, 2002, the Board of Directors of Mobilepro Corp. (the "Company") dismissed its independent auditors, Mantyla, McReynolds & Associates ("Mantyla"), and engaged the services of Bagell, Josephs & Company, L.L.C. ("Bagell"), as its new independent auditors. Bagell audited the Company's financial statements for the fiscal year ended March 31, 2002 and will audit the Company's financial statements for the fiscal year ended March 31, 2003.

During the two fiscal years of the Company ended March 31, 2001, and the subsequent interim period through June 6, 2002, there were no disagreements between the Company and Mantyla on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Mantyla's satisfaction, would have caused Mantyla to make reference to the subject matter of the disagreements in connection with its reports; and there were no reportable events described under Item 304(a)(1)(v) of Regulation S-K.

The audit reports of Mantyla on the Company's financial statements as of and for the fiscal years ended March 31, 2000 and 2001 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles, other than a fourth explanatory paragraph describing going concern contingencies.

During the two most recent fiscal years of the Company ended March 31, 2001, and the subsequent interim period through June 6, 2002, the Company did not consult with Bagell regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

PART III

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

Certain information about the directors and executive officers of the Company as of March 31, 2003 is included below.

Name	Age	Position	Director or Officer Since
Arne Dunhem	53	Treasurer and Director	February 19, 2002
Daniel Lozinsky	42	President and CEO and Chairman	February 28, 2002
Kyung (Ken) Min (Note	47	Senior Vice-President of NeoReach,	February, 2000

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1)		Inc.	
-----	-----	-----	-----
Parag Sheth	35	Senior Vice-President of NeoReach,	July, 2002
(Note 2)		Inc.	
-----	-----	-----	-----

Note 1. Mr. Min, on November 13, 2002, resigned from the Board of Directors of Neoreach, Inc and from the Company on November 13, 2002. His position has currently not been filled on the Board.

Note 2. Mr. Sheth, on June 19, 2002, resigned from the Company. His position has currently not been filled.

The following describes the business background and the experience of each of the directors and executive officers of the Company:

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Mr. Daniel Lozinsky, was appointed a Director of the Company on February 19, 2002 and was the Company's President and CEO and Chairman between February 28, 2002 and May 10, 2002. Daniel Lozinsky has 17 years of management and software development experience with small and large multinational corporations. Mr. Lozinsky was between October 2001 and February 2002 working as a strategic financial and management advisor. Mr. Lozinsky was between March 2001 and October 2001 President and CEO of VCmed Inc. a scientific medical start-up company that was attempting to bring to the market Cancer Research technology developed at MIT and Harvard, which allowed for early detection not otherwise available. Mr. Lozinsky was between February 1999 and February 2001 working as a business advisor to include public relations firms for international business. Prior to that Mr. Lozinsky was between April 1995 and January 1999 senior software engineer of AOL, Host Systems internet department, that allowed to meet AOL's growing Internet demands during the highest AOL's growth period between 96 and 99, when the company grew from 4 million to 21 million users. He was working for AOL's MIS (BISY) department between 4/95 - 6/96. Prior to that Mr. Lozinsky was employed as a senior software engineer at Eastman Kodak Corporation in Rochester NY between 9/89 - 4/95. He was an internal software consultant to multiple Kodak's lines of business. Mr. Lozinsky worked on Kodak PhotoCD system that is widely available now and allows scanning film into digital format and printing to paper or CD. He specifically worked for CD writer devices and testing firmware software components that he developed for the system. During those years he worked for Kodak's Mass Memory Division that manufactured and sold optical drives and jukeboxes to commercial companies and government offices. Working as a designer and developer of software and, occasionally as a support engineer, he participated in winning for Kodak and delivering large government contracts to include ADMAPS to US NAVY Printing and Publishing. During that project Mr. Lozinsky worked both in Rochester and at the Navy Technology Pilot Lab at Port Hueneme, Ca. Prior to that, between 8/87 - 9/88, Mr. Lozinsky worked as a programmer analyst for PaineWebber Strategic Technology Department, on the PaineWebber Backup System to the Maine Network at the Weehaken Center in NJ. Prior to that, during 8/85 - 5/87, Mr. Lozinsky worked as a programmer and systems analyst for Merrill Lynch, Real Time Pricing Group that delivers NYSE financial data to different departments of Merrill Lynch. Mr. Lozinsky holds MS/CS from Stevens Institute of Technology in Hoboken NJ, 1/89. He also holds BS/CS from Polytechnic Institute of NY, 1/84.

Mr. Arne Dunhem was appointed a Director and Treasurer of the Company in February 2002 and was appointed the Chairman, President and CEO of Mobilepro on

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May 10, 2002. Mr. Dunhem has over twenty-eight years general management and engineering experience with large complex multinational corporations, large international organizations as well as early stage technology companies. He has been instrumental in arranging more than \$300 million in investor and vendor financing commitments and is knowledgeable in all aspects of business, management, information systems, network operations and engineering. Between July 2001 and January 2002 Mr. Dunhem was working as a strategic business consultant and was in January 2002 hired by Neoreach, Inc. as its President & CEO. Mr. Dunhem was between November 1998 and June 2001 the Chairman & CEO of erbia, Inc. a long-distance communications company where he took the company from its start-up phase through the sale of the operation to another company. He was working between January 1998 and October 1998 as a strategic business consultant. Prior to this he was between 1993 and September 1997 the Chairman of Tele8 Kontakt AB, a Swedish nationwide start-up wireless operator and also between 1993 and December 1997 the Chairman of Nordiska Tele8 AB of Sweden, a long distance and local telephone service company. Here again, he took the company from its start-up phase through full operation and eventually the sale of the companies. Mr. Dunhem was between September 1989 and April 1990 the Executive Vice President, Engineering & Operations of Comvik Skyport AB, a Swedish telecommunications company providing satellite and data communications services. During the period September 1978 and June 1989 Mr. Dunhem was with INTELSAT, Washington, D.C., an international satellite communications organization in a capacity growing from staff engineer to program manager where he had responsibilities for building-up some of the world's largest command, control and monitoring networks. He has also been with the Saab-Scania corporation and the Swedish Telecom. Mr. Dunhem earned his M.Sc. in 1974 in space telecommunications from Chalmers University of Technology, Sweden and has lived in the Washington, D. C. area since 1978.

Mr. Kyung (Ken) Min, Consultant, Founder and former Senior Vice President, New Technologies of NeoReach, Inc. is a seasoned professional with twenty years of experience in the cellular and digital communications industries, Ken has specialized in the areas of business development, marketing, systems integration and engineering. Ken has had extensive experience in designing and marketing emerging technologies including GSM, CDMA, PCS, W-CDMA, small area base stations, and satellite communications. During his eleven years between May 1981 and June 1992 with Motorola, the Senior Product Manager of the Cellular Business Marketing and Sales unit developed wireless

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devices, including base stations, and formed strategic alliances to ensure product market entry on-time and within budget. Min spent more than three years between July 1992 and December 1995 as the General Manager for Telecommunications R&D at Samsung Electronics, heading the development of IS-95 CDMA, followed between January 1996 and June 1998 by a successful directorship of the PCS unit at Hyundai Electronics where Min managed two hundred engineers and technical marketing staff. Min represented Samsung and Hyundai in the CDMA Development Group (CDG) steering committee from 1994-1998. Min served between October 1998 and February 2000 with Hughes Network Systems as the Technical Director for mobile satellite projects with responsibilities for project management and system integration. As the founder in February 2000 of NeoReach, Min served in a capacity where he could most effectively capitalize on his experience in engineering and business development. Min earned his Master of Engineering at the Institution of Illinois Technology and holds a bachelor's degree in Computer Science from the University of Illinois.

Mr. Parag Sheth, Senior Vice President, Marketing and Business Development, joins the Company with a background of more than fourteen years as a leading

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person in the marketing and business development field. After his experience between July 1996 and March 1998 as the Director of Sales at Data Labs (later acquired by Lucent Technologies), Mr. Sheth served between March 1998 and June 2000 as the VP of Marketing at Siemens Information and Communications Networks where he coordinated a global marketing campaign for their broadband products, introducing a solutions sales approach, refocusing technical sales and customer support, and increasing sales by an impressive 400% in six months. In the same position between July 2000 and December 2000 with Woodwind Communications, a Voice over Broadband (VoB) product manufacturer, Mr. Sheth contributed to the firm's acquisition by VINA technologies by creating a unique product brand in a saturated market while positioning the company with partners. He also devised and implemented a successful public relations campaign to generate widespread media coverage and secure analyst validation. While between January 2001 and June 2002 working at Vibrant Solutions in Corporate Communications and Product Marketing, Mr. Sheth led the marketing teams in achieving measurable returns for the company that included four awards nominations and the "Hot Start-up 2002 Award" from Telecommunications Magazine. NeoReach welcomes Mr. Sheth's expertise in spearheading the creation and implementation of company strategy and vision, product launch, and the development of internal and external communications programs. Mr. Sheth has a BSEE from the State University of New York, Buffalo and an AAS degree from Rockland Community College. Mr. Sheth resigned from the Company on June 19, 2003.

Our Board of Directors, as of March 31, 2003, consisted of Messrs. Lozinsky and Dunhem listed above.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's common stock, to file with the Securities and Exchange Commission ("SEC") the initial reports of ownership and reports of changes in ownership of the common stock. Officers, directors and greater than 10% stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. The Company has received Form 4, Statement of Changes of Beneficial Ownership of Securities from Messrs. Daniel Lozinsky (one group of transactions) and Arne Dunhem (one group of transactions); each of whom had failed to file such form on a timely basis.

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ITEM 10. EXECUTIVE COMPENSATION

The following table reflects compensation paid to our mostly highly compensated executive officers and directors for the year ended March 31, 2003.

				Long Term Compensation			
				Awards			
Annual Compensation				Restricted	Securities	Payou	
For Fiscal	Salary	Bonus	Other	Stock	Underlying	LTI	
Year Ended				Awards	Options	Payou	

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Name And Principal Position	March 31,	(\$)	(\$)	(\$)	(\$)	SARS (#)	(\$)
Daniel Lozinsky Director	2003	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2002	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2001	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2000	\$ 0	\$ 0	\$ 0	\$ 0	0	0
Arne Dunhem CEO/Chairman, Director	2003	\$45,000	\$ 0	\$ 0	\$ 0	0	0
	2002	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2001	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2000	\$ 0	\$ 0	\$ 0	\$ 0	0	0
Scott Smith Former Director & former CEO	2003	\$12,000	\$ 0	\$ 0	\$ 0	0	0
	2002	\$ 53,652	\$ 0	\$ 0	\$ 0	0	0
	2001 (2)	\$ 218,750	\$ 0	\$ 0	\$ 0	0	0
	2000	\$ 0	\$ 0	\$ 0	\$ 0	0	0
Ken Min (3) Former Executive Officer (NeoReach)	2003	\$20,000	\$ 0	\$ 0	\$ 0	0	0
	2002	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2001	\$ 0	\$ 0	\$ 0	\$ 0	0	0
	2000	\$ 0	\$ 0	\$ 0	\$ 0	0	0

Notes:

- (1) All of the amounts listed in this column paid to directors and officers in the form of stock. The amounts listed are the fair market value of the stock on the date of the grant.
- (2) The compensation for the period ended 3/31/2001 was earned while Mr. Smith was an employee of MobilePro Corp, a private company, prior to its reverse merger dated June 6, 2002. This amount was accrued and Mr. Smith took no cash payments for salary while at MobilePro Corp, a private company. On February of 2002 in connection with the Stock Purchase Agreement with Mr. Daniel Lozinsky and Dungavel, Inc., and in connection with another Stock Purchase Agreement with Mr. Daniel Lozinsky, Ms. Joann Smith and Mr. Scott Smith, Mr. Smith forgave the payment of this accrued amount. Part of the compensation Mr. Smith received for his forgiveness of the accrued salary was 25,000 shares of the Company's common stock, valued on the date of issuance at \$26,250. This amount is included in the All Other Compensation column of this table. As of 3/31/2003, the Company owes Mr. Smith an accrued salary amount.
- (3) Ken Min was an Executive Officer of the wholly owned subsidiary NeoReach, Inc. upon the merger that was consummated on April 23, 2002 until his resignation on November 13, 2003.

No other person makes over \$100,000 per year.

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We do not currently compensate directors in cash for any services provided as a director. Persons who are directors and employees have been additionally compensated for their services as a director in the form of common stock of the Company. There is no formal plan in place for compensation of persons who are directors who are not employees of the Company, but it is expected that in the future we will create a formal remuneration and reimbursement plan.

OTHER COMPENSATION ARRANGEMENTS

On December 4, 2001, we registered 1,000,000 shares of our common stock in an S-8 filing with the Securities and Exchange Commission as part of the 2001 Equity Performance Plan. In March 2002, we issued 355,000 shares of the Company's common stock to Mr. Arne Dunhem, 255,000 shares of the Company's common stock to Mr. Daniel Lozinsky, and 25,000 shares of the Company's common stock to Mr. Scott Smith for compensation as officers and directors. In June 2001, we issued 250,000 to Mr. Scott Smith and 50,000 to Mr. Howard Geisler, Mr. Mitchell Geisler, and Ms. Cindy Roach for compensation as officers and directors (See "RECENT SALES OF SECURITIES").

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL STOCKHOLDERS

The following table sets forth, as of July 11, 2003, the name and shareholdings, including options to acquire our Common Stock, of each person who owns of record, or was known by the us to own beneficially, 5% or more of the shares of the Common Stock currently issued and outstanding; the name and shareholdings, including options to acquire the Common Stock, of each director; and the shareholdings of all executive officers and directors as a group. The address of each of the individuals listed below is the address of the Company.

Beneficial Ownership (1)					
Name and Address	Common Stock	Common Stock Options (2)	Series A Preferred Stock (3)	Total (4)	P Ow
Daniel Lozinsky (6) C/o 30 West Gude Drive #480 Rockville, MD 20850	6,928,694	5,555,556	-	12,484,250	
Arne Dunhem (7) C/o 30 West Gude Drive #480 Rockville, MD 20850	2,601,244	3,412,491	-	6,013,735	
Ken Min (8) 11101 Lamplighter Lane Rockville, MD 20854	2,833,156	-	-	2,833,156	
Cornell Capital Partners (10) 101 Hudson Street, Ste 3606 Jersey City, NJ 07302	5,716,737	-	-	5,716,737	
All Others (11)	54,559,589	8,969,109	35,378	63,528,875	
All executive officers and					

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directors as a group (2 persons) (12)	9,529,938	8,968,047	-	18,497,985
=====				
Total	72,639,420	17,937,156	35,378	90,576,753
=====				

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- (1) Unless otherwise indicated, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them. A person is considered to be the beneficial owner of securities that can be acquired by that person within 60 days of July 11, 2003 upon the exercise of warrants or option or the conversion of convertible securities.
- (2) Options to purchase shares of Common Stock that are presently or will become exercisable within 60 days.
- (3) Each share of Series A Preferred Stock is convertible without additional consideration into one two-hundredth of a share of Common Stock, subject to adjustment for stock splits, stock dividends and other recapitalizations and reorganizations. As of July 11, 2003, the 35,378 shares of Series A preferred stock is currently convertible into 177 shares of Common Stock, subject to the issuance of additional fractional shares for rounding purposes. The holders of the Series A Preferred Stock and Common Stock vote together as a single class on all matters presented for the vote of the Company's stockholders. Each preferred stockholder may cast a number of votes equal to the number of shares of Common Stock issuable upon conversion of his or her preferred stock.
- (4) Assumes that the beneficial owners' shares of Series A Preferred Stock have been converted into Common Stock, and warrants to purchase shares of Common Stock have been exercised.
- (5) Each beneficial owner's percent ownership is determined by assuming that options or warrants that are held by that person (but not those held by any other person) and which are exercisable within 60 days have been exercised and that shares of Series A Preferred Stock that are held by that person (but not those held by any other person) have been converted into Common Stock.
- (6) Includes shares owned by Mr. Daniel Lozinsky. Mr. Lozinsky is currently a Director of the Company and under the Common Stocks Options column the assumption of Mr. Lozinsky exercising as of July 11, 2003 his convertible debenture with the Company. His address is c/o MobilePro Corp. 30 West Gude Drive, Suite 480, Rockville, MD 20850.
- (7) Includes, owned by Mr. Arne Dunhem, the following: 2,601,244 shares, 421,038 options vested and exercisable within 60 days and under the Common Stocks Options column the assumption of Mr. Lozinsky exercising as of July 11, 2003 his convertible debenture with the Company. These 421,038 options were granted under an Employment Agreement between Neoreach and Mr. Arne Dunhem dated January 4, 2002 and were converted to Mobilepro options upon the merger between Neoreach and Mobilepro. Mr. Dunhem is currently the President, Chaiman and CEO and Director of

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the Company. His address is c/o MobilePro Corp. 30 West Gude Drive, Suite 480, Rockville, MD 20850.

- (8) Includes 2,833,152 shares owned by Mr. Ken Min. Mr. Min is a former executive officer of the Company. His address is 11101 Lamplighter Lane, Potomac, MD 20854.
- (10) Cornell Capital Partners, LLP is a New Jersey-based domestic investment fund. They use a variety of funding techniques, including both convertible instruments and equity lines of credit (also known as Private Investments in Public Equities or PIPEs) in making direct investments in small- to-mid-sized publicly traded companies in emerging markets. Mark A. Angelo is its President. Their address is 101 Hudson St. Suite 3606, Jersey City, NJ 07302. All investment decisions of Cornell Capital Partners are made by its general partner, Yorkville Advisors, LLC. Mark A. Angelo, the managing member of Yorkville Advisors, LLC, makes the investment decisions as a control person on behalf of Yorkville Advisors.
- (11) As of July 11, 2002, the common stock options column in this row includes 1) options to employees convertible into 2,302,443 shares of the Company's common stock, and 2) options to convert a \$130,000 note payable into the Company's common shares based on a price of 120% of the closing bid price as

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quoted on the Nasdaq Bulletin Board System. As of July 11, 2003, the note can be converted into 6,666,666 shares of the company's common stock.

- (12) As of July 11, 2003, executive officers and directors include Daniel Lozinsky and Arne Dunhem.

There are currently 2,723,480 outstanding options to purchase shares of our stock, of which 2,512,962 are currently vested and exercisable within 60 days.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the period ended March 31, 2000, Mr. Peter Yollin, a shareholder and officer, the Chairman & CEO of the Company, received advances of \$13,000. These secured advances were eliminated as part of winding up the website business.

Mr. Howard Geisler, a former secretary and director of the Company, during the period January 2001 through May 2001 provided our office space on a gratis basis.

The Company sold its investment of 450,706 shares of Popmail.com to meet its financial obligations in the quarter ended September 30, 2000. The shares were "Restricted" under Rule 144. The stock was sold to Stephen C. Wolfe, being an investor and creditor, a related party at the time of the sale, for \$74,650. The loss of \$425,350 was charged to the Income Statement during the period ended September 30, 2000. \$225,353 of the loss was due to market value decline during the holding period. The market value of the stock at the date of sale was \$366,156.

In connection with the merger effective June 1, 2001, between MobilePro and Craftclick, a significant shareholder, Dungavel, Inc. was issued 250,000 shares of the Company's common stock. Also in connection with the merger, ZDG

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Investments Ltd., a Toronto investment company, was issued 1,475,000 shares of the Company's common stock. The stock was given for services rendered with regard to the merger. The Company believes that Rob Landau is the control person of Dungavel, Inc. Mr. Landau is also the president of ZDG Investments Ltd. The fair market value of the shares given to Dungavel and ZDG were expensed in the amounts of \$40,000 and \$236,000, respectively.

Also in connection with the merger effective June 1, 2001, between MobilePro and Craftclick, a significant shareholder, Dungavel, Inc. converted a \$50,000 note payable plus accrued interest into 3,000,000 shares of common stock of the Company. The note payable was originally issued by MobilePro prior to the merger into the public entity. The fair market value of the issued stock was \$480,000. The difference between the face value of the note and its accrued interest was expensed in the period.

In February of 2002, Mr. Daniel Lozinsky, the President of the Company loaned the Company a net amount of \$44,262 to pay certain creditors at 5% interest due on demand. The officer has waived interest until April 2002.

On August 30, 2002 the Company signed and executed a mutual settlement agreement with Scott Smith, a former executive and director of the Company. The agreement calls for payments of a total of \$69,682.74 as follows: \$15,000.00 by September 15, 2002 or upon a subsequent bridge loan from Cornell Capital, whichever is earliest; \$17,182.74 by October 15, 2002 or when a certain Registration Statement becomes effective for an Equity Line of Credit with Cornell Capital or upon Cornell Capital funding, whichever is earliest; and the Payment of Promissory Note with confession of judgment to Joann Smith at \$37,500 by September 15, 2002 or upon a subsequent bridge loan from Cornell Capital, whichever is earliest. In addition, the Company also agreed to issue to Scott Smith a total of 100,000 shares of Common Stock of the Company and register these shares under an S-8 registration. Due to significant delays with the effectiveness of the Registration Statement and that the Company did not receive a subsequent bridge loan and that funds received under the Cornell Capital financing was much less than anticipated, the Company has as of yet not been able to comply with the settlement agreement with Scott Smith. The Company intends to continue to work out a resolution that is amicable to both Scott Smith and the Company.

Two directors and officers of Mobilepro advanced the total amount of \$277,617 to Mobilepro. Daniel Lozinsky, a Director of Mobilepro, advanced to Mobilepro during the period February 9, 2002 through June 20, 2002 a total of

\$155,617 as follows: \$23,262 on February 9, 2002; \$25,000 on February 19, 2002; \$76,355 on April 25, 2002; \$15,000 on May 16, 2002; \$4,000 on June 3, 2002; and \$12,000 on June 20, 2002, with a repayment by Mobilepro on or before March 1, 2003 at an ordinary market rate, not to exceed 5.00%. Arne Dunhem, the President and Chief Executive Officer of Mobilepro, advanced to the Company during the period April 19, 2002 through May 6, 2002 a total of \$122,000 as follows: \$46,000 on April 19, 2002; \$40,000 on April 25, 2002; and \$36,000 on May 6, 2002, with a repayment by the Company on or before March 1, 2003 at an ordinary market rate, not to exceed 5.00%. As of July 11, 2003, the principal balance of these loans remains at \$277,617 plus an interest of approximately \$15,000. As of July 11, 2003, the Company has repaid \$2,000 to Arne Dunhem but made no repayment to Daniel Lozinsky on these loans. On May 15, 2003 the Company issued a \$155,617 convertible debenture to Daniel Lozinsky and the Company also issued a \$122,000 convertible debenture to Arne Dunhem.

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On May 15, 2003, Mobilepro issued convertible debentures to Daniel Lozinsky and to Arne Dunhem in the original principal amount of \$155,617 and \$122,000 respectively. A maximum principal amount of for Daniel Lozinsky \$130,000 and Arne Dunhem \$70,000 respectively is convertible into shares of our common stock at a price equal to either 120% of the closing bid price of our common stock as of May 15, 2003, or 120% of the average of the four lowest closing bid prices of our common stock for the five trading days immediately preceding the conversion date. If such conversion had taken place on July 11, 2003, then the holder of the convertible debenture would have received 5,555,556, respectively for Daniel Lozinsky, and 2,991,453, for Arne Dunhem, shares of our common stock. If, at the time of conversion, the Common Stock is listed on the NASD Bulletin Board System, Nasdaq SmallCap Market, or American Stock Exchange, the conversion price will be 120% of the closing bid price. The convertible debentures accrue interest at a rate of 4% per year and are convertible at the holder's option. The convertible debentures have a term of two years. At Mobilepro's option, the convertible debentures may be paid in cash or converted into shares of our common stock on the second anniversary unless converted earlier by the holder. As of July 11, 2003 the Holders had made no conversion.

INVESTORS RIGHTS AGREEMENT

On June 6, 2001, CraftClick.Com, Inc. a Delaware corporation ("CraftClick"), and Mobilepro Corp., a Delaware corporation ("Mobilepro"), entered into an Agreement and Plan of Merger dated as of June 1, 2001 ("Merger Agreement"). Under the Merger Agreement Mobilepro merged with and into CraftClick, with CraftClick being the surviving corporation and the certificate of incorporation and bylaws of CraftClick being the constituent documents of the surviving corporation ("Merger").

In connection with the Merger, Mr. Scott R. Smith was appointed as a director of CraftClick by the existing board of directors. After the appointment, Mr. Mitchell Geisler and Ms. Cindy Roach, two of the then current directors of CraftClick, Inc. resigned. Mr. Smith was appointed the President and Chief Executive Officer and Chairman and Mr. Howard Geisler was appointed the secretary of CraftClick.

In connection with the Merger, CraftClick issued to Ms. Joann M. Smith an aggregate of 8,227,663 shares of common stock representing approximately 55% of the 14,907,196 issued and outstanding shares of common stock of CraftClick immediately after the Merger. Ms. Smith is the wife of Mr. Scott R. Smith, the President, Chief Executive Officer and Chairman of CraftClick after the Merger. Ms. Smith will be the single largest stockholder of CraftClick after the Merger.

To obtain the support for the Merger and the Merger Agreement from the largest stockholder of CraftClick prior to the Merger, CraftClick entered into an Investor Rights Agreement ("Investor Rights Agreement") with Dungavel, Inc. simultaneously with the Merger Agreement. The Investor Rights Agreement provides a number of rights to Dungavel, including:

- The right to have a person of its selection as a director of the company, who currently is Mr. Howard Geisler, and a limit of three persons as the size of the board of directors;
- Limitations on the issuances of securities of the company representing more than 2.5% of the outstanding common stock in any transaction in a three month period at less than the greater of the market price or \$1.00 per share for cash or for no cash consideration;

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- Limitations on the creation of any class of securities that has the right to elect any directors, to receive any dividends or to have the securities registered for public resale, unless approved by Dungavel;
- Limitations on the ability of the company to merge, combine or consolidate with another entity, repurchase any common stock of the company, recapitalize the common stock to reduce the number of shares outstanding, or declare a stock split or stock dividend without the consent of Dungavel; or if no consent is given by Dungavel and the company proceeds with the transaction, then the company must issue 3,000,000 post-transaction shares of common stock (or their equivalent) to Dungavel; and
- The right to request information about the company in addition to publicly disclosed information.

Although the above rights are granted to Dungavel and may be exercised within its sole discretion, Dungavel believes that these above rights will benefit all stockholders. The above rights last for five years after the Merger or, in some instances, only so long as Dungavel owns at least 2.5% of the issued and outstanding common stock or the right to acquire 2.5% of the issued and outstanding common stock

In addition, the Investor Rights Agreement provides for registration rights for common stock owned by Dungavel, and the right of first refusal and tag along rights in the event Mr. Smith or his wife sell any of their shares of common stock in a private transaction. Mr. and Ms. Smith have agreed that they will also vote any shares of common stock, over which they have voting control, in favor of the person Dungavel selects as its director nominee.

On November 19, 2001, the Company implemented a 200 for 1 reverse stock split, which resulted in 84,492 shares outstanding. Concurrent with the reverse stock split and as required pursuant to the Investor Rights Agreement, the Company issued 3,000,000 new shares of common stock to Dungavel, Inc., an investor in the Company.

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, this Investors Rights Agreement was terminated.

NEOREACH PURCHASE AGREEMENT

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 became the majority shareholder of MobilePro.

Subsequent to but in connection with the Stock Purchase Agreements, 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 one-for-one stock exchange transaction. The merger was consummated on April 23, 2002. Mr Daniel Lozinsky and Mr. Arne Dunhem, both members of the Company's Board of Directors, were both significant shareholders and members of the Board of Directors of Neoreach, Inc., holding approximately 32.5% and 18.5% of Neoreach's common stock, respectively.

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ITEM 13. 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))

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- 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))
- 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 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))
- 10.2 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. Dungavel, Inc. (incorporated by reference to the Company's Form 8-K Current

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Report as filed with the Securities and Exchange Commission on March 6, 2002 (File No. 002-97869-D)

- 10.3 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))
- 10.4 Confidentiality and Non-disclosure Agreement dated April 9, 2002 between NeoReach, Inc. a Delaware corporation and Prime Circuits, Inc. (incorporated by reference to the Company's Form 10KSB/A Annual Report as filed with the Securities and Exchange Commission on October 4, 2002 (File No. 002-97869-D))
- 10.5 Announcement in a press release dated June 20, 2003 that the Company it entered into a Memorandum of Understanding with GBH telecom, LLC, a development stage company headquartered in Arlington, Virginia, under which it intends to acquire GBH telecom (incorporated by reference to the Company's Form 8-K Current Report as filed with the Securities and Exchange Commission on June 20, 2003 (File No. 002-97869-D))
- 23.1 Consent letter from Bagell, Josephs & Company, L.L.C. CPA, dated July 14, 2003 (included herewith)

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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

During the fourth quarter of the fiscal year ended March 31, 2001 we filed the following reports on Form 8-K with the Securities and Exchange Commission:

The Company filed a Current Report on Form 8-K dated February 23, 2001 with the Securities and Exchange Commission on March 7, 2001. The Current Report was regarding that the Company sold substantially all of its assets to a group of California entrepreneurs (the "Group") in exchange for the forgiveness of outstanding secured loans made by the Group to the Company totaling \$546,000 plus accrued interest of \$9,625 and a payment of \$77,275 to substantially redeem all of the Company's current obligations.

The Company filed a Current Report on Form 8-K dated March 27, 2001 with the Securities and Exchange Commission on March 28, 2001. The Current Report was regarding the change of control of the Company, contracted on March 16, 2001 and consummated on March 27, 2001, to Dungavel, Inc., a Bahamian company, from Metropolitan Capital Partners LLC, arising from the private sale of the outstanding stock of the Company representing greater than 50% of the voting control of the Company.

Subsequent to March 31, 2001 we filed the following report on Form 8-K with the Securities and Exchange Commission:

On June 6, 2001, we reported that CraftClick.Com, Inc. a Delaware corporation

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("CraftClick"), and Mobilepro Corp., a Delaware corporation ("Mobilepro"), entered into an Agreement and Plan of Merger dated as of June 1, 2001 ("Merger Agreement"). Under the Merger Agreement Mobilepro merged with and into CraftClick, with CraftClick being the surviving corporation and the certificate of incorporation and bylaws of CraftClick being the constituent documents of the surviving corporation ("Merger").

In connection with the Merger, Mr. Scott R. Smith was appointed as a director of CraftClick by the existing board of directors. After the appointment, Mr. Mitchell Geisler and Ms. Cindy Roach, two of the then current directors of CraftClick, Inc. resigned. Mr. Smith was appointed the President and Chief Executive Officer and Chairman and Mr. Howard Geisler was appointed the secretary of CraftClick.

In connection with the Merger, CraftClick issued to Ms. Joann M. Smith an aggregate of 8,227,663 shares of common stock representing approximately 55% of the 14,907,196 issued and outstanding shares of common stock of CraftClick immediately after the Merger. Ms. Smith is the wife of Mr. Scott R. Smith, the President, Chief Executive Officer and Chairman of CraftClick after the Merger. Ms. Smith will be the single largest stockholder of CraftClick after the Merger.

On August 8, 2001, we filed an amended 8-K to include the pre-merger audited financials of Mobilepro Corp.

The Company filed a Current Report on Form 8-K dated February 19, 2002 with the Securities and Exchange Commission on March 6, 2002. The Current Report was regarding a change of control of registrant. 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, an accredited investor, paid \$160,000 in cash out of his own personal funds and assumed the Company's debt of approximately \$25,000 in order to acquire an aggregate of 2,057,733 shares of our Common Stock, representing approximately 64.7% of the Company's voting securities. 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.

Subsequent to the period of this report, the Company filed a Current Report on Form 8-K dated April 5, 2002 with the Securities and Exchange Commission on March 21, 2002. 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 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 , including that over thirty-three man-years of

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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 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.

Approximate valuation of Neoreach, Inc.

Item	Approx. Value
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Personnel, engineering man effort, 33 man-years at \$130,000 p.a.	\$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

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.

During the two fiscal years of the Company that ended March 31, 2002, and the subsequent interim period through June 6, 2002, there were no disagreements between the Company and Mantyla on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Mantyla's satisfaction, would have caused Mantyla to make reference to the subject matter of the disagreements in connection with its reports; and there were no reportable events described under Item 304(a)(1)(v) of Regulation S-K.

The audit reports of Mantyla on the Company's financial statements as of and for the fiscal years ended March 31, 2000 and 2001 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to certainty, audit scope or accounting principles, other than a "going concern" disclaimer which applied to the audit reports of Mantyla on the Company's financial statements as of and for the fiscal years ended March 31, 2000 and 2001.

During the two most recent fiscal years of the Company ended March 31, 2001, and the subsequent interim period through June 6, 2002, the Company did not consult with Bagell regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

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

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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.

The Company filed a Current Report on Form 8-K dated June 20, 2002 with the Securities and Exchange Commission on the Company's announcement in a press release that it entered into a Memorandum of Understanding with GBH telecom, LLC, a development stage company headquartered in Arlington, Virginia, under which it intends to acquire GBH telecom, LLC in a proposed tax-free exchange of stock. The projected closing date for the transaction was announced to be July 3, 2003. Under the terms of the MOU, upon completion of the proposed transaction, GBH shareholders will own the majority of the Company's issued and outstanding common stock and have voting control of the Company. A copy of this press release was filed as an exhibit to the 8-K filing on June 20, 2003.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 14, 2003

MOBILEPRO CORP.

Bys: /s/ Arne Dunhem

Arne Dunhem
President and Chief Executive Officer
(Principal financial and principal accounting officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Arne Dunhem

Arne Dunhem

Chief Executive Officer and Chairman
(Principal financial and principal accounting officer)

/s/ Daniel Lozinsky
Daniel Lozinsky

Director

CERTIFICATION

I, Arne Dunhem, certify that:

1. I have reviewed this annual report on Form 10-KSB 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.

July 14, 2003

/s/ Arne Dunhem

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Arne Dunhem

Chief Executive Officer

Principal Financial and Principal Accounting Officer