SPEEDCOM WIRELESS CORP
Form 10QSB/A
December 11, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB/A/2

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDING MARCH 31, 2001
OR
[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM __________ TO ____________

COMMISSION FILE NUMBER 0-21061

SPEEDCOM WIRELESS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	58-2044990
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

7020 PROFESSIONAL PARKWAY EAST
SARASOTA, FL 34240
(941) 907-2300
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the last practicable date: April 27, 2001 - 9,500,723 common shares, $.001 par value.

Transitional small business disclosure format (check one): Yes [ ] No [x]

SPEEDCOM WIRELESS CORPORATION

FORM 10-QSB/A FOR THE PERIOD ENDED MARCH 31, 2001

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPEEDCOM WIRELESS CORPORATION

BALANCE SHEETS

	March 31, 2001	Decem 2
Assets	(unaudited)	
Current assets:		
Cash	$ 193,112	$
Accounts receivable, net of allowances of $305,561 and $296,330 in 2001 and 2000, respectively	1,806,198	1
Leases receivable	571,767	
Inventories, net	1,892,825	2
Prepaid expenses and other current assets	635,213	
Total current assets	5,099,115	5
Accounts receivable	--	
Property and equipment, net	1,075,747	
Leases receivable	888,289	
Other assets, net	269,394	
Investments	90,910	
Software license	827,500	
Total assets	$ 8,250,955	$ 6
Liabilities and stockholders' equity Current liabilities:		
Accounts payable	$ 1,948,680	$ 2
Accrued expenses	804,472	
Current portion of loans from stockholders	796,236	
Current portion of deferred revenue	120,884	
Current portion of notes and capital leases payable	483,092	
Total current liabilities	4,153,364	3

Loans from stockholders, net of current portion	1,500,000	
Deferred revenue, net of current portion	32,837	
Notes and capital leases payable, net of current portion	46,192	
Common stock to be issued	650,000	
Stockholders' equity:		
Common stock, $.001 par value, 30,000,000 shares authorized, 9,325,523 and 9,289,529 shares issued and outstanding in 2001 and 2000, respectively	9,325	
Preferred stock, 10,000,000 shares authorized	--	
Additional paid-in capital	8,024,213	7
Accumulated deficit	(6,164,976)	(4
Notes receivable - related party	--	
Total stockholders' equity	1,868,562	2
Total liabilities and stockholders' equity	$ 8,250,955	$ 6

See accompanying notes.

3

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2001	2000
Net revenues	$ 4,017,275	$ 1,846,59
Operating costs and expenses:		
Cost of goods and services	2,234,491	844,20
Salaries and related	1,315,406	682,87
General and administrative	850,982	351,78
Selling expenses	518,722	132,66
Provision for bad debt	1,674	-
Depreciation and amortization	107,200	15,00
	5,028,475	2,026,52
Loss from operations	(1,011,200)	(179,92
Other income (expense):		
Interest expense, net	(160,766)	(1,47
Other income, net	2,413	3,22
	(158,353)	1,74
Net loss	$ (1,169,553)	$ (178,17
Net loss per common share:		
Basic and diluted	$ (0.13)	$ (0.0

Shares used in computing basic and diluted net loss per share	9,313,863	7,662,72

See accompanying notes.

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2001	2000
Operating activities		
Net loss	$ (1,169,553)	$ (178,176)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	107,200	15,000
Provision for bad debt	1,674	--
Common stock issued for services	10,000	--
Amortization of original issue discount	93,390	--
Changes in operating assets and liabilities:		
Restricted cash	--	35,671
Accounts receivable	(766,088)	(456,140)
Leases receivable	(47,510)	--
Inventories	495,458	(189,673)
Prepaid expenses and other current assets	97,540	(80,141)
Intangibles	(210,000)	--
Other assets	(124,905)	(674)
Accounts payable and accrued expenses	(62,791)	(68,842)
Deferred revenue	13,533	--
Net cash used in operating activities	(1,562,052)	(922,975)
Investing activities		
Purchases of equipment	(194,314)	(166,781)
Net cash used in investing activities	(194,314)	(166,781)
Financing activities		
Proceeds from sale of common stock and warrants	94,432	2,004,091
Proceeds from loans from stockholders	1,770,000	(45,639)
Proceeds from issuance of notes	--	40,000
Payments of notes and capital leases	(142,020)	(308,003)
Net cash provided by financing activities	1,722,412	1,690,449
Net (decrease) increase in cash	(33,954)	600,693
Cash at beginning of period	227,066	108,564
Cash at end of period	$ 193,112	$ 709,257

See accompanying notes.

SPEEDCOM WIRELESS CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
(unaudited)

	Three Months Ended March 31, 2001	2000
Supplemental disclosure of noncash activities		
Conversion of accounts receivable to lease receivable	$ 1,333,000	--
Conversion of accounts payable to notes payable	$ 558,442	--
Common stock to be issued for software license	$ 650,000	--
Conversion of debt to equity	$ 40,000	--

See accompanying notes.

SPEEDCOM WIRELESS CORPORATION
NOTES TO FINANCIAL STATEMENTS
(unaudited)

1. Business

SPEEDCOM Wireless Corporation (SPEEDCOM or the Company) was incorporated in Florida on March 16, 1994 and reincorporated in Delaware on September 26, 2000. The Company manufactures and installs custom broadband wireless networking equipment for business and residential customers internationally. Through its Wave Wireless Networking division, the Company manufactures a variety of broadband wireless products, including the Speedlan family of wireless ethernet bridges and routers. Internet service providers, telephone company operators and private organizations in over 60 countries use SPEEDCOM products to provide "last-mile" wireless connectivity between multiple buildings at speeds up to 155 Megabits per second and distances up to 25 miles. SPEEDCOM Wireless Corporation is an ISO 9001 registered company.

2. Basis of Presentation

On September 26, 2000, SPEEDCOM Wireless International Corporation merged with LTI Holdings, Inc. (LTI). The parties renamed the combined company SPEEDCOM Wireless Corporation and continued the business of SPEEDCOM Wireless International Corporation (Old SPEEDCOM).

Since LTI was a non-operating shell company, the merger was treated as a recapitalization of the Company for accounting purposes. As a result, the Company recorded the transaction as the issuance of common stock for the net monetary assets of LTI (principally cash), accompanied by a recapitalization of equity. The Company recorded a net increase in equity of $1,215,937, which represented the total net assets of LTI. The Company has recorded the transaction to reflect the shares outstanding under the current structure. There has been no change in the basis under which the assets and liabilities of the Company are recorded. Accordingly, except as specifically noted to the contrary, (1) the financial information herein that predates the merger consists of information about Old SPEEDCOM, and (2) all references to SPEEDCOM or the Company refer to Old SPEEDCOM before the merger and to the combined company after the merger. The financial statements presented in this Form 10-QSB/A reflect the financial position of the remaining legal entity, LTI, which subsequently changed its name to SPEEDCOM Wireless Corporation. All shares, options and warrants issued by SPEEDCOM prior to the merger have been retroactively restated for all periods presented.

The accompanying financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules

and regulations. The accompanying financial statements should be read in conjunction with the Company's annual financial statements and notes thereto included in Company's Form 10-KSB.

In the opinion of management, the financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for those periods presented. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

3. Inventories

A summary of inventories at March 31, 2001 and December 31, 2000 is as follows:

	2001	2000
	(unaudited)	
Component parts	$ 438,705	$ 1,156,966
Completed assemblies	1,454,120	1,231,317
	$ 1,892,825	$ 2,388,283

4. Property and Equipment

A summary of property and equipment at March 31, 2001 and December 31, 2000 is as follows:

	2001	2000
	(unaudited)	
Computer and office equipment	$ 987,909	$ 822,006
Automobiles	51,737	51,737
Leasehold improvements	116,204	86,207
Furniture and fixtures	140,672	135,415
Store and warehouse	94,131	101,719
Construction in progress	49,989	49,244
	1,440,642	1,246,328
Less accumulated depreciation	(364,895)	(290,195)

	$ 1,075,747	$ 956,133

Property and equipment included computer and office equipment of $67,797 acquired under capital lease arrangements at March 31, 2001 and December 31, 2000. Depreciation expense amounted to $74,700 and $15,000 for the three months ended March 31, 2001 and 2000, respectively. Amortization of assets under capital lease arrangements is included in depreciation expense.

8

5. Accrued Expenses

A summary of accrued expenses at March 31, 2001 and December 31, 2000 is as follows:

	2001	2000
	(unaudited)	
Accrued payroll	$ 271,685	$ 287,252
Accrued commissions	86,604	109,052
Other	446,183	304,511
	$ 804,472	$ 700,815

6. Loans from Stockholders

SPEEDCOM issued a $250,000 promissory note to the Company's President in December 2000. The note bears an interest rate of the greater of 12% or DLJ's standard margin rate plus 1.5%. The note is payable in December 2001 or at the closing of an equity offering by the Company of at least $5,000,000, whichever is earlier. The Company concurrently granted a total of 25,000 warrants with a $3.60 strike price in connection with this note. The proportionate fair value of the warrants amounted to $62,500 and has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at March 31, 2001 amounted to $207,353.

In January 2001, SPEEDCOM issued a promissory note to the Company's President for $250,000, payable in April 2001 or at the closing of an equity or debt offering by the Company of at least $1,000,000, whichever is earlier. The loan's maturity date was extended in March 2001 by mutual consent. The note bears an interest rate of the greater of 12% or DLJ's standard margin plus 1.5%. In addition, the Company immediately granted a total of 7,000 warrants with an exercise price of $5.40, plus 4,500 warrants with an exercise price of $5.40, which vest one-third each month for the first three months of the note. The proportionate fair value of the warrants amounted to $45,000 and has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at March 31, 2001 amounted to $239,120. This note was repaid in April 2001.

The Company issued a $252,000 non-interest bearing promissory note in December 2000, with beneficial conversion features. The note is due in December 2001, payable in cash or 70,000 shares of common stock, at the holder's option. The 70,000 shares had a fair value of $115,500 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at March 31, 2001 amounted to $170,358.

In December 2000, the Company issued a $200,000 non-interest bearing promissory note, with beneficial conversion features. The note is due in January 2002, payable in cash or 50,000 shares

9

of common stock, at the holder's option. The 50,000 shares had a fair value of $37,500 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at March 31, 2001 amounted to $172,103.

Also in December 2000, the Company issued a $10,800 non-interest bearing promissory note with beneficial conversion features. The note is due in December 2001, payable in cash or 3,000 shares of common stock at the holder's option. The 3,000 shares had a fair value of $4,950 more than the face value of the note based on the per-share value at the date of the note. This amount has been recorded as an addition to paid-in capital and as an original issue discount reducing the carrying value of the note. The discount is being amortized to interest expense over the remaining life of the note. The balance of the note at March 31, 2001 amounted to $7,302.

In March 2001, SPEEDCOM borrowed $1,500,000 in senior secured debt from shareholders. The loan is due February 2005 and carries an interest rate of 8%. There were 150,000 warrants with a strike price of $6.00 issued in conjunction with the loan. This loan was repaid in April 2001.

During January 2000, the Company issued a 10% convertible subordinated promissory note for $40,000, due for payment in January 2003. The note was convertible into 10,000 shares of common stock at any time during its term. The note was subordinate to all other debt instruments. The $40,000 note and accrued interest was converted in January 2001.

7. Notes and Capital Leases Payable

A summary of notes and capital leases payable at March 31, 2001 and December 31, 2000 is as follows:

	2001	2000
	(unaudited)	
10.5% bank note payable in monthly installments through June 2003, secured by equipment and inventories	$ 42,446	$ 46,
8%-10.6% automobile loans payable in monthly installments through January 2003, secured by equipment	26,233	29,
Capital lease obligations	29,175	34,
12% promissory note payable in monthly installments through June 2001	122,205	
12% promissory note payable in monthly installments through July 2001	148,167	

5% promissory note payable in monthly installments through August 2001	161,058	
	529,284	110,
Less current portion	(483,092)	(52,
	$ 46,192	$ 57,

10

The 12% promissory note payable in monthly installments through July 2001 was repaid in April 2001.

8. Shareholder's Equity

In January 2001, SPEEDCOM acquired worldwide exclusive rights for six years to PacketHop(TM), a revolutionary wireless routing software developed by SRI International (SRI). PacketHop(TM) overcomes the traditional need for a direct line of sight between a base station and an end user's location. Under the terms of the agreement, SPEEDCOM obtains worldwide exclusive rights for six years (and perpetually on a non-exclusive basis thereafter) to SRI's PacketHop(TM) technology in the fixed wireless infrastructure market for the primary frequencies below 6 GHz. SRI International is entitled to receive a total of 325,000 shares of common stock of SPEEDCOM to be issued in four traunches. The first traunch was granted in January for 100,000 shares at $6.50 per share. The first traunch was due on signing of the agreement. The remaining traunches are due on achievement of certain performance criteria. The shares were issued in April and as of March 31, 2001, these shares were included in the Software license and Common stock to be issued line items on the balance sheet. The remaining three traunches are based on certain performance criteria that have not been achieved and have not been recorded. SPEEDCOM also has paid $210,000 in cash, included in the Software license line item on the balance sheet, which is being amortized over the six years of the agreement. For the three months ended March 31, 2001, $32,500 has been amortized of the Software license.

9. Subsequent Event

In April 2001, SPEEDCOM borrowed $3,000,000 from a Connecticut based hedge fund. The loan is due in April 2002 and bears interest at 9% for the first 90 days and 12% thereafter. As part of the transaction, SPEEDCOM issued warrants to acquire 333,333 shares of SPEEDCOM common stock at $5.00 per share. Additional warrants are issuable contingent upon the date on which the loan is repaid. The holder of the loan has certain rights of first refusal on subsequent financings. Interest is due under the loan in quarterly installments with principal payable in total at the maturity date of the loan. The Company obtained net proceeds of approximately $2,700,000 for this bridge loan which was used to repay certain short-term debt and payables and for general working capital.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion in this document contains trend analysis and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended that involve risks and uncertainties, such as statements concerning growth and future operating results; developments in markets and strategic focus; new products and services and product technologies and future economic, business and regulatory conditions. Such forward-looking statements are generally accompanied by the words such as "plan", "estimate", "expect", "believe", "should", "would", "could", "anticipate", "may"

and other words that convey uncertainty of future events or outcomes. These forward-looking statements and other statements made elsewhere in this report are made in reliance on the Private Securities Litigation Reform Act of 1995. The section below entitled "Certain Factors That May Affect Future Results, Financial Condition and Market Price of Securities" sets forth material factors that could cause actual results to differ materially from these statements.

Overview

SPEEDCOM is a multi-national company based in Sarasota, Florida. The Company employs approximately 115 people. Through its Wave Wireless Networking division, SPEEDCOM manufactures a variety of broadband wireless products, including its Speedlan family of wireless ethernet bridges and routers. Through its InstallGuys division, SPEEDCOM provides wireless installations and services. Internet service providers, telephone company operators and private organizations in more than 60 countries use SPEEDCOM products to provide "last-mile" wireless connectivity between multiple buildings at speeds up to 155 Megabits per second and distances up to 25 miles.

Results of Operations

The following table sets forth the percentage of net revenues represented by certain items in the Company's Statements of Operations for the periods indicated.

	Three Months Ended March 31,	
	2001	2000
Net revenues	100%	100%
Operating costs and expenses:		
Cost of goods and services	55%	46%
Salaries and related	33%	37%
General and administrative	21%	19%
Selling expenses	13%	7%
Provision for bad debt	0%	0%
Depreciation and amortization	3%	1%
	125%	110%
Loss from operations	(25)%	(10)%
Other income (expense):		
Interest expense, net	(4)%	0%
Other income, net	0 %	0%
	(4)%	(0)%
Net loss	(29)%	(10)%

Three Months Ended March 31, 2001 and March 31, 2000

Net revenues increased 118% from approximately $1,847,000 in the three months ended March 31, 2000 to approximately $4,017,000 in the three months ended March 31, 2001. This increase was due to SPEEDCOM executing its business plan of expanding the business in a growing market for broadband wireless in 2001. Cost of goods and services increased 165% from approximately $844,000 for the three months ended March 31, 2000 to approximately $2,234,000 for the three months ended March 31, 2001, due primarily to increases in the Company's revenues and a larger contribution of sales from the Install Guys division. Revenues from customers in foreign geographic areas increased to 45% of revenues for the three months ended March 31, 2001 as compared to 25% of revenues the three months ended March 31, 2000. The percentage of sales that are from international customers is expected to increase slightly or remain stable throughout the year ended December 31, 2001.

Salaries and related, general and administrative and selling expenses increased by 130% from approximately $1,167,000 for the three months ended March 31, 2000 to approximately $2,685,000 for the three months ended March 31, 2001. This increase was primarily due to an increase in employee headcount which increased salaries and related expenses approximately $632,000, spending on investor relations of approximately $72,000, increased spending on marketing and promotion, such as attendance at industry trade shows, of approximately $118,000 and engineering related to the Packethop(TM) product of approximately $65,000. Additionally, SPEEDCOM incurred higher professional fees for legal and accounting services due to the fact that the Company was a public entity in the first quarter of 2001 and a private entity in the first quarter of 2000.

Net interest expense increased by approximately 10792%, from approximately $1,000 for the three months ended March 31, 2000 to approximately $161,000 for the three months ended March 31, 2001. This increase was due to the addition of notes payable and loans from stockholders during the fourth quarter of 2000 and the first quarter of 2001.

Net loss increased 556% from approximately $178,000, or $.02 per share, in the three months ended March 31, 2000 to approximately $1,170,000, or $.13 per share, in the three months ended March 31, 2001, as a result of the foregoing factors.

Taxes

At March 31, 2001, SPEEDCOM had net operating loss carryforwards (NOLs) for federal income tax purposes of approximately $4,400,000. The NOLs expire at various dates through the year 2020.

Liquidity and Capital Resources

During the three months ended March 31, 2001, SPEEDCOM used approximately $1,562,000 of cash for its operating activities. This was primarily due to increases in accounts receivable (due to increases in sales) and the net loss for the period. SPEEDCOM purchased approximately

$194,000 of fixed assets during the three months ending March 31, 2001 as compared to approximately $167,000 during the same period in 2000, a 17% increase. To fund this growth in assets and sales, SPEEDCOM raised approximately $1,722,000 through the issuance of promissory notes and loans from stockholders.

In April 2001, SPEEDCOM entered into a one-year $3,000,000 bridge loan. The loan is due in April 2002 and bears interest at 9% for the first 90 days and 12% thereafter. As part of the transaction, SPEEDCOM issued warrants to acquire 333,333 shares of SPEEDCOM common stock at $5.00 per share. The proceeds of the bridge note will be used to repay certain short-term debt and payables and for general working capital. The Company obtained net proceeds of approximately $2,700,000 for this bridge loan. Additional warrants are issuable contingent upon the date on which the loan is repaid. The holder of the loan has certain rights of first refusal on subsequent financings. Interest is due under the loan in quarterly installments with principal payable in total at the maturity date of the loan.

During the three months ended March 31, 2000 SPEEDCOM used approximately $923,000 for its operating activities. This was primarily due to increases in accounts receivable and inventory and its net loss for the period. SPEEDCOM's cash flow used for financing activities increased due to the receipt of approximately $2,004,000 from the sale of its common stock during the first three months of 2000.

The Company believes that current resources are sufficient to execute its business plan for 2001. However, the Company may seek additional capital to take advantage of opportunities that may arise. This additional capital could come from the sale of common or preferred stock, the exercise of outstanding warrants, or from borrowings. Any material acquisitions of complementary businesses, products or technologies could also require additional equity or debt financing. There can be no assurance that such financing will be available on acceptable terms, if at all.

Certain Factors That May Affect Future Results, Financial Condition and Market Price of Securities

If we do not raise additional capital, we may not be able to fulfill our business plan.

In order to take advantage of possible opportunities in 2001 and to execute our business plan for 2002, we may need to raise additional financial capital. If we are unsuccessful in raising that capital, we may not have sufficient funding to purchase necessary goods and services to execute our business plan.

We may not be able to compete successfully in the fixed wireless broadband market in view of rapid technological change and the resources required to deal with technological change.

The markets for our products and the technologies utilized in the industry in which we operate evolve rapidly and depend on key technologies, including wireless local area networks, wireless packet data, modem and radio technologies. SPEEDCOM is developing a series of next

generation products, which incorporates the PacketHop(TM) licensed technology from SRI. Delays in developing these products could have a negative effect on our future competitiveness as the industry is constantly changing as new technologies are developed.

The fixed wireless broadband market is at an early stage of development and is rapidly evolving. As is typical for a new and rapidly evolving industry, demand and market acceptance for recently introduced wireless networking products and services are subject to a high level of uncertainty. Market acceptance of particular products cannot be predicted; however, it is likely that new products will not be generally accepted unless they operate at higher speeds and are sold at lower prices. While the number of businesses recognizing the value of wireless solutions is increasing, we do not know whether sufficient demand for our products will emerge and become sustainable. Prospects must be evaluated due to the risks encountered by a company in the early stages of marketing new products or services, particularly in light of the uncertainties relating to the new and evolving markets in which we operate. There can be no assurance that we will succeed in addressing any or all of these risks, and the failure to do so would reduce demand for SPEEDCOM's products.

We could encounter future competition from larger wireless, computer and networking equipment companies. We could also encounter additional future competition from companies that offer products that replace or are alternatives to radio frequency wireless solutions including, for example, products based on infra-red technology or laser technology and systems that utilize existing telephone wires (such as DSL) or cables within a building as a wired network backbone or satellite systems outside of buildings.

Major changes could render products and technologies obsolete or subject to intense competition from alternative products or technologies or by improvements in existing products or technologies. For example, Internet access and wireless local loop equipment markets may stop growing, whether as a result of the development of alternative technologies, such as fiber optic, coaxial cable or satellite systems. Also, new or enhanced products developed by other companies may be technologically incompatible with SPEEDCOM's products and render our products obsolete.

Many of SPEEDCOM's current and potential competitors have significantly greater financial, marketing, technical and other resources and, as a result, may be able to respond more quickly to new or emerging technologies or standards and to changes in customer requirements, or to devote greater resources to the development, promotion and sale of products or to deliver competitive products at a lower end user price. Current and potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of SPEEDCOM's existing and prospective customers. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Increased competition could result in price reductions, reduced operating margins and loss of market share by SPEEDCOM.

15

SPEEDCOM's reliance on limited sources of wireless and computer components could result in delayed product shipment and higher costs and could damage customer relationships.

Many of the key hardware and software components necessary for the assembly of SPEEDCOM's products are only available from a single supplier or from a limited number of suppliers. Our reliance on sole or limited source suppliers involves several risks, including:

- suppliers could increase component prices significantly, without advance notice;
- suppliers could discontinue or delay delivery of product components for reasons such as inventory shortages, new product offerings, increased cost of materials, destruction of manufacturing facilities, labor disputes and bankruptcy; and
- in order to compensate for potential component shortages or discontinuance, in the future we may hold more inventory than is immediately required, resulting in increased inventory costs.

If our suppliers are unable to deliver or ration components to us, we could experience interruptions and delays in manufacturing and sales, which could result in cancellation of orders for products or the need to modify products.

This may cause substantial delays in product shipments, increased manufacturing costs and increased product prices. Further, we may not be able to develop alternative sources for these components in a timely way, if at all, and may not be able to modify our products to accommodate alternative components. These factors could damage our relationships with current and prospective customers lasting longer than any underlying shortage or discontinuance.

Expanding indirect distribution channels may result in increased costs and lower margins.

To increase revenues, we believe that we must increase the number of our distribution partners. Management's strategy includes an effort to reach a greater number of end users through indirect channels. SPEEDCOM is currently investing, and plans to continue to invest, significant resources to develop these indirect channels. These efforts may not generate the revenues necessary to offset such investments. We will be dependent upon the acceptance of our products by distributors and their active marketing and sales efforts relating to our products. The distributors to whom we sell products are independent and are not obligated to deal with SPEEDCOM exclusively or to purchase any specified amount of products. Because SPEEDCOM does not generally fulfill orders by end users of its products sold through distributors, SPEEDCOM will be dependent upon the ability of distributors to accurately forecast demand and maintain appropriate levels of inventory. Management expects that SPEEDCOM's distributors will also sell competing products. These distributors may not continue, or may not give a high priority to, marketing and supporting our products. This and other channel conflicts could result in diminished sales through the indirect channels. Additionally, because lower prices are typically charged on sales made through indirect channels, increased indirect sales could adversely affect the average selling prices and result in lower gross margins.

16

Growth may divert management resources from current operations.

SPEEDCOM has significantly expanded its operations in recent years, and anticipates that further expansion will be required to address potential growth in the customer base and market opportunities. This expansion has placed, and future expansion is expected to place, a significant strain on our management, technical, operational, administrative and financial resources. SPEEDCOM will need to effectively manage any expansion, which could divert attention and resources from current operations. The expansion and planned expansion may be inadequate to support future operations. We may be unable to attract, retain, motivate and manage required personnel, including finance, administrative and operations staff, or to successfully identify, manage and exploit existing and potential market opportunities because of inadequate staffing. We may also be unable to manage further growth in our multiple relationships with original equipment manufacturers, distributors and other third parties.

Our international operations and sales involve significant risks that could reduce sales and increase expenses.

We anticipate that revenues from customers outside North America will continue to account for a significant portion of our total revenues for the foreseeable future. Expansion of international operations has required, and will continue to require, significant management attention and resources. In addition, we remain heavily dependent on distributors to market, sell and support our products internationally. International operations are subject to additional risks, including the following:

. difficulties of staffing and managing foreign operations due to time differences, language barriers and staffing constraints in the foreign sales offices;

. longer customer payment cycles and greater difficulties in collecting accounts receivable increase the amount of time that we have to fund our purchase of the inventory sold;

. unexpected changes in regulatory requirements, exchange rates, trading policies, tariffs and other barriers could increase our costs;

. uncertainties of laws and enforcement relating to the protection of intellectual property could allow competitors to infringe on our technology;

. limits on the ability to sue and enforce a judgment for accounts receivable increase the risk of bad debt expense;

. potential adverse tax consequences could create additional expense; and

. political and economic instability in Latin America could limit our sales in that region.

SPEEDCOM has a history of losses and may never achieve or sustain profitability.

We have incurred significant losses since our inception. SPEEDCOM intends to decrease its operating expenses in an attempt to achieve profitability in the fourth quarter of 2001, however revenues may not grow or even continue at their current level. If revenues do not rapidly increase or if we are not able to decrease expenses, we will never become profitable.

Our common stock price is volatile.

Our stock and the Nasdaq stock market in general have experienced significant price and volume fluctuations in recent months and the market prices of technology companies have been highly volatile. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such litigation could result in substantial costs and diversion of management's attention.

Our manufacturing capabilities are limited and could prevent us from keeping up with customer demand.

SPEEDCOM has no experience in large-scale manufacturing. If our customers were to place orders substantially greater than current levels, SPEEDCOM's present manufacturing abilities may not be adequate to meet such demand. There can be no assurance that we will be able to contract additional manufacturing personnel on a timely basis.

Our concentrated ownership structure means that our two controlling shareholders can control the outcome of any shareholder vote.

A majority of SPEEDCOM's common stock is currently controlled by Michael W. McKinney and Barbara McKinney (the McKinneys). Therefore, certain corporate actions, which the Board of Directors may deem advisable for the shareholders of SPEEDCOM as a whole, such as a business combination, may not be approved by the common shareholders if submitted to a vote, unless the McKinneys approve the potential transaction.

SPEEDCOM is subject to extensive and unpredictable government regulation, which could make our products obsolete, raise our development costs and create opportunities for other competitors.

SPEEDCOM is subject to various FCC rules and regulations in the United States and to other government regulations abroad. There can be no assurance that new FCC regulations will not be promulgated or that existing regulations outside of the United States would not adversely affect international marketing of SPEEDCOM's products.

Regulatory changes, including changes in the allocation of available frequency spectrum, could significantly impact operations by restricting development efforts, rendering current products obsolete or increasing the opportunity for additional competition. In September 1993 and in February 1995, the FCC allocated additional spectrum for personal communications services. In January 1997, the FCC authorized 300 MHz of additional unlicensed frequencies in the 5 Gigahertz frequency range. In 2000, the FCC modified the rules for "frequency hopping spread spectrum" radios to allow greater power utilization in certain circumstances. These changes in the allocation of available frequency spectrum could create opportunities for other wireless networking products and services or shift the competitive balance between SPEEDCOM and its competitors.

18

PART II. OTHER INFORMATION

Item 2. Recent Sales of Unregistered Securities

During the quarter ended March 31, 2001, the Company sold the following securities which were not registered under the Securities Act. The purchases and sales were exempt pursuant to Section 4(2) of the Securities Act (and/or Regulation D promulgated thereunder) as transactions by an issuer not involving a public offering , where the purchasers represented their intention to acquire the securities for investment only, not with a view to distribution, and received or had access to adequate information about the registrant.

1) 18,635 shares of common stock (12,635 on 1/1/01 and 6,000 on 2/23/01) were issued for a total of $40,000 cash and services. These securities were issued to 2 investors, 1 of which was an accredited investor.

2) A $250,000 promissory note to Mr. Sanguinetti, our former president and an accredited investor, together with 11,500 warrants for the purchase of common stock (exercise price $5.40 per share) (1/22/01).

Item 4. Submission of Matters to a Vote of Security Holders

This item is inapplicable, as there were not any matters submitted to a vote of the Company's security holders during the first quarter of 2001.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits in the accompanying Index to Exhibits are filed as part of this Quarterly Report on Form 10-QSB/A.

Signatures

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

SPEEDCOM Wireless Corporation

/s/ Michael W. Mckinney --------------------------- Michael W. McKinney	Chairman, Chief Executive Officer and Director	December 11, 2001

Exhibit Index

Number	Description
2.1(1)	Asset Purchase Agreement between Packaging Atlanta Corporation and Laminating Technologies Inc. dated April 26, 1999
2.2	Agreement and Plan of Merger by and between SPEEDCOM Wireless International Corporation and LTI Holdings, Inc., dated as of August 4, 2000 (included as Appendix A to the proxy statement/prospectus filed as part of Form S-4 Registration Statement (File No. 333-43098) and incorporated herein by reference)
3.1(8)	Amended and Restated Certificate of Incorporation of SPEEDCOM Wireless Corporation, as amended

19

3.2(4)	Amended and Restated Bylaws
3.3(6)	Amended and Restated Bylaws of SPEEDCOM Wireless Corporation
4.1(2)	Form of Bridge Note
4.2(2)	Form of Warrant Agreement
4.3(2)	Form of Underwriter's Unit Purchase Option
4.4(6)	Purchase Agreement, dated April 13, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined therein
4.5(6)	Registration Rights Agreement, dated April 13, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined
4.6(6)	Form of Warrant of SPEEDCOM Wireless Corporation, dated April 13, 2001
4.7(7)	Note and Warrant Purchase Agreement by and among SPEEDCOM Wireless Corporation, S.A.C. Capital Associates, LLC, SDS Merchant Fund, L.P., Oscar Private Equity Investments, L.P. and Bruce Sanguinetti
4.8(7)	Promissory Note for $500,000 issued to S.A.C. Capital Associates, LLC
4.9(7)	Promissory Note for $250,000 issued to SDS Merchant Fund, L.P.
4.10(7)	Promissory Note for $750,000 issued to Oscar Private Equity Investments, L.P.
4.11(7)	Promissory Note for $250,000 issued to Bruce Sanguinetti

4.12(7)	Warrant No. W-1 to Purchase 146,667 Shares of Common Stock issued to S.A.C. Capital Associates, LLC
4.13(7)	Warrant No. W-2 to Purchase 73,333 Shares of Common Stock issued to SDS Merchant Fund, L.P.
4.14(7)	Warrant No. W-3 to Purchase 220,000 Shares of Common Stock issued to Oscar Private Equity Investments, L.P.
4.15(7)	Warrant No. W-4 to Purchase 73,333 Shares of Common Stock issued to Bruce Sanguinetti
4.16(8)	Purchase Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, as defined herein
4.17(8)	Registration Rights Agreement, dated August 23, 2001, by and among SPEEDCOM Wireless Corporation and the Purchasers, defined herein
4.18(8)	Form of Series A Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001
4.19(8)	Form of Series B Warrant of SPEEDCOM Wireless Corporation dated August 23, 2001
4.20(8)	Settlement Agreement between SPEEDCOM Wireless Corporation and I.W. Miller Group, Inc. dated June 25, 2001
10.1(3)	Registration Rights Agreement between the registrant and Michael E. Noonan
10.2(2)*	Amended and Restated 1996 Stock Option Plan
10.3(2)*	Form of Indemnification Agreement
10.4(4)*	Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Jay O. Wright
10.5(4)*	Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Bruce Sanguinetti
10.6(4)*	Executive Employment Agreement between SPEEDCOM Wireless International Corporation and Michael McKinney
10.7(4)*	Non-Qualified Stock Option Agreement
10.8(4)*	Non-Qualified Stock Option Plan
10.9(9)	Promissory Note for $250,000 issued to Bruce Sanguinetti dated December 6, 2000.
10.10(9)	Promissory Note for $40,000 issued to Bill Davis dated May 11, 2001.
10.11(9)	Lease Agreement between SPEECOM Wireless Corporation and Lakewood Ranch Properties, LLC.
10.12(9)	Intellectual Property License Agreement between SPEEDCOM Wireless Corporation and SRI International
16.1(5)	Letter on change of certifying accountant
23.1(5)	Consent of Independent Certified Public Accountants

24.1(8) Powers of Attorney

---

(1) Incorporated by reference to the registrant's Definitive Proxy Statement dated May 27, 1999.

(2) Incorporated by reference to the registrant's Registration Statement on Form SB-2 (File No. 333-6711) filed with the SEC on June 24, 1996.

(3) Incorporated by reference to Amendment No. 1 to the registrant's Registration Statement on Form SB-2 (File No. 333-6711) filed with the SEC on July 31, 1996.

(4) Incorporated by reference to the Form 8-K filed October 11, 2000.

(5) Incorporated by reference to the Form 10-KSB filed April 17, 2001.

(6) Incorporated by reference to the Form 10-QSB filed May 14, 2001.

(7) Incorporated by reference to the Form 8-K filed July 2, 2001.

(8) Incorporated by reference to the Form S-3 filed September 18, 2001.

(9) Incorporated by reference to the Form 10-QSB filed November 14, 2001.

* Management contract or compensatory plan.