UNIVERSAL BROADBAND NETWORKS INC
Form 10-Q
November 13, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2001

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-24408

UNIVERSAL BROADBAND NETWORKS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	33-0611753 (I.R.S. Employer Identification Number)
2030 MAIN STREET, 5TH FLOOR IRVINE, CALIFORNIA (Address of Principal Executive Offices)	92614 (Zip Code)

Registrant's telephone number, including area code: (949) 260-8100

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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes / / No /X/

As of November 11, 2001 there were 25,344,184 shares of Common Stock outstanding.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

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* No information provided due to inapplicability of item.

(DEBTOR-IN-POSSESSION)

PART I--FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED STATEMENTS OF NET LIABILITIES IN LIQUIDATION
(AMOUNTS IN THOUSANDS)
(LIQUIDATION BASIS)

ASSETS

	SEPTEMBER 30, 2001 (Unaudited)	MARCH 31, 2001
Cash	$ 560	$ 719
Accounts receivable	68	72
Prepaid expenses and other assets	3	9
Transmission equipment	1,000	1,000
Frequency licenses and access rights	250	250
Total assets in liquidation	$ 1,881	$ 2,050

LIABILITIES

Post-petition accounts payable and accrued liabilities	$ 670	$ 245
Liabilities subject to compromise	57,033	57,033
Total liabilities in liquidation	57,703	57,278
Net liabilities in liquidation	$55,822	$55,228

See accompanying notes to consolidated condensed financial statements.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

CONSOLIDATED CONDENSED STATEMENTS OF
CHANGES IN NET LIABILITIES IN LIQUIDATION
(AMOUNTS IN THOUSANDS)
(LIQUIDATION BASIS)
(UNAUDITED)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001
Revenues	$ 1	$ 17
Operating expenses:		
Network expenses	9	52
Payroll and related expenses	122	266
General and administrative expenses	190	559
Other (income) expense	(20)	(266)
Total operating expenses	301	611
Net loss	$ (300)	$ (594)

See accompanying notes to consolidated condensed financial statements.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(GOING CONCERN BASIS)
(UNAUDITED)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001
Revenues	$ 634	$ 1,317
Operating expenses:		
Network expenses	2,890	5,228
Payroll and related expenses	1,733	3,785
Selling, general and administrative expenses	4,390	9,461
Depreciation and amortization	1,240	2,770
Total operating expenses	10,253	21,244
Operating loss	(9,619)	(19,927)
Interest income	16	48
Interest expense, including amortization of deferred		

financing costs	(1,254)	(3,305)
Loss before reorganization items	(10,857)	(23,184)
Reorganization items	(10,968)	(10,968)
Net loss	$ (21,825)	$ (34,152)
Preferred stock dividends	-	(23)
Net loss applicable to common shareholders	$ (21,825)	$ (34,175)
Net loss per share, basic and diluted	$ (1.04)	$ (1.64)
Weighted-average number of shares, basic and diluted	20,960,323	20,794,140

See accompanying notes to consolidated condensed financial statements.

UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(LIQUIDATION BASIS)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED SEPTEMBER 30,
Change in net liabilities in liquidation:	2001
Cash	$ 159
Accounts receivable	4
Prepaid expenses and other current assets	6
Account payable and accrued liabilities	425
Increase in net liabilities in liquidation	594
Net liabilities in liquidation, March 31, 2001	55,228
Net liabilities in liquidation, September 30, 2001	$ 55,822

See accompanying notes to consolidated condensed financial statements.

UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(GOING CONCERN BASIS)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2000
Cash flows used in operating activities:	
Net loss	$ (34,152)
Adjustments to reconcile net loss to net cash used in operating activities:	
Reorganization items	9,525
Depreciation and amortization	2,770
Amortization and direct write-off of deferred financing costs	5,660
Stock options and warrants issued as professional expense	1,101
Stock issued for services	554
Accrued interest	821
Provision for doubtful accounts	260
Changes in current assets and liabilities	
Accounts receivable	(297)
Prepaid expenses and other current assets	108
Other assets	(314)
Account payable and accrued liabilities	(995)
Accrued payroll, benefits and related costs	40
Net cash used in operating activities	(14,919)
Cash flows used in investing activities:	
Purchases of fixed assets	(1,360)
Net cash used in investing activities	(1,360)
Cash flows provided by financing activities:	
Borrowings of short-term debt	19,545
Repayment of short-term debt	(4,000)
Repayment of capital lease obligations	(375)
Proceeds from exercise of warrants	225
Proceeds from sale of preferred stock, net	834
Proceeds from sale of common stock, net	450
Net cash provided by financing activities	16,679
Net increase in cash	400
Cash at beginning of period	1,176
Cash at end of period	$ 1,576

See accompanying notes to consolidated condensed financial statements.

UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(GOING CONCERN BASIS)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2000
Supplemental schedule of non-cash investing and financing activities:	
Increase of liabilities relating to asset purchases	$ 8,131
Issuance of warrants in conjunction with financing arrangements	$ 2,985
Issuance of warrants in conjunction with preferred stock	$ 2,978
Beneficial conversion feature of preferred stock	$ 249
Preferred stock dividends paid in common stock	$ 162
Other disclosures:	
Cash paid during the period for interest	$ 176

See accompanying notes to consolidated condensed financial statements.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION

Universal Broadband Networks, Inc. operated through several wholly-owned subsidiaries (collectively the "Company"): IJNT, Inc. ("IJNT"), Ubee Network Enterprises, Inc. ("UBEE"), Access Communications, Inc. ("Access"), Webit of Utah, Inc. ("Webit"), UrJet Backbone Network, Inc. ("UBN"), Man Rabbit House Multimedia, Inc. ("MRHM"), GIjargon.com ("GI"), and Global Broadband Services, Inc. ("Global"). Some subsidiaries were inactive, including Access, Webit, GI and Global. The accompanying consolidated condensed financial statements include the accounts of Universal Broadband Networks, Inc. and the aforementioned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company was formerly engaged in the business of providing wireless internet access through microwave technology, dial-up internet access, web site design, web hosting services, fiber backbone connectivity, and other telecommunications carrier services. Prior to October 31, 2000, the Company principally operated in Utah (Salt Lake City), Texas, and California. As of June 2000, the Company had leased or otherwise acquired access to fiber route co-location facilities in several major cities in the aforementioned states.

LIQUIDATION BASIS OF ACCOUNTING

On October 31, 2000 (the "Petition Date"), the Company and four of its wholly-owned subsidiaries filed a voluntary petition for relief (the "Chapter 11 Case") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court"). Since the Petition Date, the Company has conducted limited activities as a debtor-in-possession under the Bankruptcy Code. See Note 2 for additional information.

In early January 2001, after considering current industry conditions and other factors (and in consultation with the creditors committee formed during bankruptcy proceedings), management concluded that reorganization was not feasible. A decision to liquidate the Company was reached at that time, and liquidation commenced soon thereafter. Thus, the Company is no longer engaged in the conduct of business to any significant extent, and now operates for the sole purpose of holding and liquidating its assets. The Company expects that its assets will either be sold or assigned to secured creditors, with any remaining proceeds distributed to other creditors. As a result, the Company changed its basis of accounting effective December 31, 2000 (and for periods ending subsequent to that date) from the going-concern basis to a liquidation basis in accordance with accounting principles generally accepted in the United States ("GAAP"). Consequently, at September 30, 2001 and March 31, 2001, assets have been reported at estimated net realizable value (with an allowance for known disposition costs), assuming an orderly liquidation. Liabilities are presented based on the estimated amount expected to be allowed by the Bankruptcy Court, even though certain obligations may be adjudicated or settled for lesser amounts as described in Note 2. Differences between (a) the estimated revalued amounts of assets and liabilities and (b) actual cash transactions and other events after September 30, 2001 will be recognized in the period in which they are susceptible of reasonable estimation in accordance with GAAP.

1. BASIS OF PRESENTATION (CONTINUED)

The accompanying consolidated condensed statements of operations for the three and six months ended September 30, 2000 and the consolidated condensed statement of cash flows for the six months ended September 30, 2000 have been prepared in accordance with GAAP applicable to a going concern prior to adoption of the liquidation basis of accounting. Except as discussed in the preceding paragraph, GAAP assumes that assets will be realized and liabilities will be discharged in the ordinary course of business. As a result of the Chapter 11 Case and

management's decision to liquidate the Company, the realization of assets and liquidation of liabilities is now subject to uncertainty. The valuation of assets in liquidation is based on management's estimate of their net realizable value (net of estimated known disposition costs) at September 30, 2001 and March 31, 2001. Such values could differ materially from amounts ultimately realized in the future as Company completes its liquidation. In the Chapter 11 Case, all of the Company's liabilities as of the Petition Date are considered subject to compromise (including the entire amount of secured claims which may be undersecured).

Pre-petition liabilities whose disposition may be subject to settlement or otherwise dependent on the outcome of the Chapter 11 Case have been segregated and classified as liabilities subject to compromise in the accompanying September 30, 2001 and March 31, 2001 consolidated condensed statements of net liabilities in liquidation.

Generally, actions to enforce or otherwise effect repayment of pre-chapter 11 liabilities and pending litigation against the Company are stayed while the Company continues as a debtor-in-possession during bankruptcy proceedings. Schedules have been filed by the Company with the Bankruptcy Court setting forth its assets and liabilities as of the Petition Date as reflected in the Company's accounting records. Pre-petition liabilities reflected in the accompanying consolidated condensed statement of net liabilities in liquidation (see Note 2) are principally based on these bankruptcy schedules. Differences between amounts reflected in such schedules and claims filed by creditors are currently being investigated, and will be either amicably resolved or adjudicated by the Bankruptcy Court. Such claims do not necessarily encompass the universe of claimants, nor the amount of each claim that may be asserted against the Company in the bankruptcy proceedings. The ultimate amount of and settlement terms for such liabilities are not presently determinable.

Since management has abandoned any expectation of reorganizing the Company, Statement of Position No. 90-7, "FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE," is no longer mandatory under GAAP.

The accompanying consolidated condensed statement of net liabilities in liquidation at September 30, 2001, the consolidated condensed statement of changes in net liabilities in liquidation for the three and six months ended September 30, 2001, the consolidated condensed statement of operations for the three and six months ended September 30, 2000, and the consolidated condensed statements of cash flows for the six month periods ended September 30, 2001 and 2000 are unaudited. These financial statements have been prepared on the same basis as the Company's audited consolidated financial statements and, in the opinion of management, reflect all adjustments which (except as described in Note 2) are only of a normal recurring nature and which are necessary for a fair presentation of the consolidated net liabilities in liquidation, financial position, and results of operations for such periods. These unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Form 10-K filed with the Securities and Exchange Commission on July 11, 2001.

1. BASIS OF PRESENTATION (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

Due to the Company's Chapter 11 Case and the adoption of the liquidation basis of accounting, the Company does not believe that recent accounting pronouncements will have a material effect on the accompanying consolidated condensed financial statements.

2. BANKRUPTCY CASE AND RELATED MATTERS

BANKRUPTCY FILING

As discussed in Note 1, the Company is currently a debtor-in-possession pursuant to the Bankruptcy Code. As such, management of the Company continues to conduct limited activities under the supervision of the Bankruptcy Court. In accordance with the provisions of the Bankruptcy Code, an automatic stay provides that creditors of the Company and other parties in interest are prevented from seeking repayment of pre-petition debts. Additionally, unless otherwise approved by the Bankruptcy Court, the Company must refrain from payment of pre-petition indebtedness.

The Company's bankruptcy filing resulted in non-payment of various debt amounts, as discussed in the Company's Form 10-K, filed with the SEC on July 11, 2001. Because of the combination of such defaults and cross-default provisions included in the Company's other debt agreements and in certain lease agreements, substantially all of the Company's indebtedness is in default and is now due and payable. Any repayment of such indebtedness will be the subject of the Company's Chapter 11 Case.

Subsequent to the Petition Date, the Company rejected substantially all of its lease obligations and other executory contracts pursuant to the provisions of the Bankruptcy Code.

Although legal fees and other administrative expenses to complete the Company's bankruptcy proceedings may be significant, they are not susceptible to reasonable estimation at this time; accordingly, the accompanying financial statements do not include any provision for such costs not yet incurred by the Company. The September 30, 2001 estimated net realizable value of total assets in liquidation will be reduced in the future by general and administrative expenses incurred subsequent to that date.

2. BANKRUPTCY CASE AND RELATED MATTERS (CONTINUED)

TRADING MARKET

The Company's common stock ceased trading on the Nasdaq National Market on October 17, 2000 at the Company's request. Since the Company no longer satisfies the requirements for continued listing on the Nasdaq National Market, by letter dated November 3, 2000, the Company requested that its securities be delisted from the Nasdaq National Market. On November 9, 2000, the Company's common stock

began being quoted on the "Pink Sheets"; such market is not sponsored or supported by the Company. No assurance can be given as to the continuing existence or liquidity of any trading market for the Company's common stock. Notwithstanding this market activity, the Company believes that its outstanding shares of common stock currently have nominal value.

LIABILITIES SUBJECT TO COMPROMISE

The September 30, 2001 balances of unsecured and undersecured pre-petition liabilities that became subject to compromise on October 31, 2000 are as follows:

Secured vendor financing (Note 4)	$13,188
Estimated lease and contract rejection costs	7,846
Accounts payable	9,441
Obligations under capital leases	2,642
Accrued payroll and related expenses	298
Unsecured short-term debt	23,618
Total liabilities subject to compromise	$57,033

3. LOSS PER COMMON SHARE

Basic loss per common share for the three and six months ended September 30, 2000 is computed by dividing net loss applicable to common shareholders by the weighted average number of shares of the Company's common stock, after giving consideration to shares subject to repurchase that are outstanding during the period. For the six months ended September 30, 2000, net loss applicable to common shareholders has been increased for the effect of the preferred stock dividends. Diluted loss per common share is determined in the same manner as basic loss per share except that the number of shares is increased assuming exercise of dilutive stock options and warrants using the treasury stock method. Common shares issuable upon conversion of preferred stock and convertible debt and the exercise of outstanding warrants and stock options have been excluded from the loss-per-share computation because their effect would be antidilutive.

4. EQUIPMENT FINANCING AND LINE OF CREDIT ARRANGEMENT

In July 1999, UBN, a subsidiary of UBEE, entered into a credit agreement (the "Agreement") with Nortel Networks, Inc. ("Nortel") that provided for a line-of-credit of up to $7,000 ("Tranche A") as well as a term loan of up to $37,000 ("Tranche B"). See further discussion and details in the Company's Form 10-K for the year ended March 31, 2001, filed with the SEC on July 11, 2001.

The estimated net realizable value of the transmission equipment that is collateral for the above agreement was valued at $1,000 based in part on an independent third-party valuation, effective March 31, 2001. The Company believes such value has not significantly changed as of September 30, 2001.

The September 30, 2001 liability amounts set forth below have been classified as liabilities subject to compromise in the accompanying statement of net liabilities in liquidation because the estimated net realizable value of UBN's assets is less than the amount owed to Nortel.

A summary of the borrowings under the Agreement follows for September 30, 2001 and March 31, 2001:

Tranche A	$ 4,089
Tranche B	13,188
Total	$ 17,277

5. COMMITMENTS AND CONTINGENCIES

As previously disclosed in Form 10-K filed with the SEC on July 11, 2001, the Company had been negotiating a merger with Norstar Telecommunications, Inc. ("Norstar"). During the quarter ended June 30, 2001, the Company received an initial non-refundable deposit of $50 cash under terms of a binding Letter of Intent ("LOI"). However, Norstar has breached such LOI by indicating that it will not go forward with the merger.

The Company is presently seeking another party for a merger agreement. Any proposed transaction relating to a merger agreement that may be negotiated in the future is subject to approval by the Bankruptcy Court and execution of a definitive merger agreement.

REGISTRATION RIGHTS AGREEMENTS

The Company is obligated under various agreements to register its common stock, including the common stock underlying certain warrants and convertible preferred stock. The Company is subject to penalties for failure to register such securities, the amount of which could be material to the Company's consolidated financial condition, results of operations and cash flows. The Company filed a registration statement on Form S-3 in August 2000 to register the necessary securities, and such registration was deemed effective by the Securities and Exchange Commission on September 13, 2000. Thereafter, the Company defaulted on certain registration obligations. These defaults will be processed through the Chapter 11 Case.

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

IN ADDITION TO HISTORICAL INFORMATION, MANAGEMENT'S DISCUSSION AND ANALYSIS INCLUDES CERTAIN FORWARD-LOOKING STATEMENTS INCLUDING, BUT NOT LIMITED TO, THOSE RELATED TO THE GROWTH AND STRATEGIES, FUTURE OPERATING RESULTS AND FINANCIAL POSITION AS WELL AS ECONOMIC AND MARKET EVENTS AND TRENDS OF THE COMPANY. ALL FORWARD-LOOKING STATEMENTS MADE BY THE COMPANY, INCLUDING SUCH STATEMENTS HEREIN, INCLUDE MATERIAL RISKS AND UNCERTAINTIES AND ARE SUBJECT TO CHANGE BASED ON FACTORS BEYOND THE CONTROL OF THE COMPANY. ACCORDINGLY, THE COMPANY'S ACTUAL RESULTS AND FINANCIAL POSITION COULD DIFFER MATERIALLY FROM THOSE EXPRESSED OR

IMPLIED IN ANY FORWARD-LOOKING STATEMENT AS A RESULT OF VARIOUS FACTORS, INCLUDING WITHOUT LIMITATION THOSE DESCRIBED IN THE COMPANY'S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION REGARDING RISKS AFFECTING THE COMPANY'S FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

BANKRUPTCY FILING AND RELATED MATTERS

On October 31, 2000 (the "Petition Date"), Universal Broadband Networks, Inc. and four of its wholly-owned subsidiaries (collectively the "Company") filed a voluntary petition for relief (the "Chapter 11 Case") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court"). Since the Petition Date, the Company has conducted limited activities as a debtor-in-possession under the Bankruptcy Code. See Notes 1 and 2 of the Consolidated Condensed Financial Statements for additional information.

In early January 2001, after considering current industry conditions and other factors (and in consultation with the creditors committee formed during bankruptcy proceedings), management concluded that reorganization was not feasible. A decision to liquidate the Company was reached at that time, and liquidation commenced soon thereafter. Thus, the Company is no longer engaged in the conduct of business to any significant extent, and now operates for the sole purpose of holding and liquidating its assets. The Company expects that its assets will either be sold or assigned to secured creditors, with any remaining proceeds distributed to other creditors. As a result, the Company changed its basis of accounting effective December 31, 2000 (and for periods ending subsequent to that date) from the going-concern basis to a liquidation basis in accordance with accounting principles generally accepted in the United States ("GAAP"). Consequently, at September 30, 2001 and March 31, 2001, assets have been reported at estimated net realizable value (with an allowance for known disposition costs), assuming an orderly liquidation. Liabilities are presented based on the estimated amount expected to be allowed by the Bankruptcy Court, even though certain obligations may be adjudicated or settled for lesser amounts. Differences between (a) the estimated revalued amounts of assets and liabilities and (b) actual cash transactions and other events after September 30, 2001 will be recognized in the period in which they are susceptible of reasonable estimation in accordance with GAAP.

In its Chapter 11 case, the Company may sell assets and settle liabilities for amounts other than the estimated amounts reflected in the accompanying financial statements. The administrative expenses resulting from the Chapter 11 filing will unfavorably affect the future financial condition of the Company. Moreover, future results may be adversely affected by other claims and factors resulting from the Chapter 11 filing.

In addition, the Company has defaulted on certain indebtedness. See "Part II - Item 3 - Defaults Upon Senior Securities."

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

A comparison of the results of operations between fiscal periods would not be helpful to investors due to the Chapter 11 filing. The Company's operations have been suspended since October 2000. In addition, as discussed above, the Company

has implemented liquidation-basis accounting effective December 31, 2000 and for periods subsequent to that date.

Subsequent to the Petition Date, the Company rejected substantially all of its lease obligations and other executory contracts pursuant to the provisions of the Bankruptcy Code. The Company has recorded the liabilities associated with these rejected contracts based upon management's estimate of the maximum potential liability, and reflected such amounts in the accompanying September 30, 2001 and March 31, 2001 statements of net liabilities in liquidation. These claims, however, are subject to certain limitations imposed by the Bankruptcy Code and applicable state law. Consequently, such claims may be settled or adjudicated in amounts less than those recorded by the Company; however, it is not currently possible to reasonably estimate the impact of these limitations. Pursuant to the provisions of the Bankruptcy Code, these liabilities are treated as pre-petition claims and reflected as "liabilities subject to compromise" in the aforementioned statement of net liabilities in liquidation.

Although legal fees and other administrative expenses to complete the Company's bankruptcy proceedings may be significant, they are not susceptible to reasonable estimation at this time; accordingly, the accompanying financial statements do not include any provision for such costs not yet incurred by the Company. The September 30, 2001 estimated net realizable value of total assets in liquidation will be reduced in the future by general and administrative expenses incurred subsequent to that date.

LIQUIDITY AND CAPITAL RESOURCES

As previously mentioned, the Company is operating as a debtor-in-possession under the provisions of Chapter 11 of the Bankruptcy Code. The Company has sufficient cash reserves to continue to operate on a limited basis pending the final outcome of the Chapter 11 Case.

COMMITMENTS AND CONTINGENCIES

REGISTRATION RIGHTS AGREEMENTS

As disclosed elsewhere herein, the Company is obligated under various agreements to register its common stock, including the common stock underlying certain warrants and convertible preferred stock. The Company is subject to penalties for failure to register such securities, the amount of which could be material to the Company's consolidated financial condition, results of operations and cash flows. The Company filed a registration statement on Form S-3 in August 2000 to register the necessary securities, and such registration was deemed effective by the Securities and Exchange Commission on September 13, 2000. Thereafter, the Company defaulted on certain registration obligations. These defaults will be processed through the Chapter 11 Case.

INFLATION

Management does not believe that inflation has had or is likely to have any significant impact on the Company's limited operations.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On the Petition Date, the Company filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Central District of California. For more information, see Note 2 ("Bankruptcy Case and Related Matters") to the accompanying consolidated condensed financial statements.

The Company has been named as a defendant in certain legal proceedings, principally with regard to the enforcement of contractual obligations for payment for services or products. Moreover, there are other threatened claims of a substantial nature that have been asserted against the Company. All lawsuits have been stayed with respect to the Company as a result of the petition for relief under Chapter 11 of the Bankruptcy Code.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Under terms of the secured financing agreement with Nortel, monthly payments of $1.1 million each in principal and interest under Tranche B were due and payable monthly between April 1, 2001 and September 1, 2001. As previously disclosed, the Company did not make the payments on any of their credit agreements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

None

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(1) Exhibits:

None

(2) Reports on Form 8-K:

None

UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (FORMERLY IJNT.NET, INC.)

(DEBTOR-IN-POSSESSION)

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.

Dated: November 12, 2001

UNIVERSAL BROADBAND NETWORKS, INC.

/S/ BRANDON POWELL

Brandon Powell
Executive Vice President and Secretary

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