ROAMING MESSENGER INC
Form 10QSB/A
August 10, 2005

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

FORM 10-QSB/A
Amendment No. 2

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

FOR QUARTER ENDED MARCH 31, 2005

Commission file number 0-13215

ROAMING MESSENGER, INC.

(Exact name of Registrant as Specified in its Charter)

| Nevada | 30-0050402 |
| --- | --- |
| (State of Incorporation) | (I.R.S. Employer Identification No.) |

50 Castilian Dr. Suite A, Santa Barbara, California 93117
(Address of principal executive offices) (Zip Code)

(805) 683-7626

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(B) of the Act:

| Title of Each Class | Name of Each Exchange On Which Registered |
| --- | --- |
| COMMON STOCK | OTC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months 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 latest practicable date:

As of May 1, 2005 the number of shares outstanding of the registrant's only class of common stock was 180,337,092.

Transitional Small Business Disclosure Format (check one):

Yes |_| No |X|

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ROAMING MESSENGER, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

ASSETS

(Unaudited)

| | March 31,2005 | June 30, 200 |
|---|---|---|
| CURRENT ASSETs | | |
| Cash | $ 636,678 | $ 1,495,1 |
| Accounts receivable, net of allowance for doubtful accounts of $30,000 and $20,000 respectively | 172,355 | 116,4 |
| Prepaid expenses | 24,624 | 9,9 |
| TOTAL CURRENT ASSETS | 833,657 | 1,621,4 |
| PROPERTY & EQUIPMENT | | |
| Furniture, Fixtures & Equipment | 87,811 | 83,2 |
| Computer Equipment | 429,729 | 278,7 |
| Commerce Server | 50,000 | 50,0 |
| Computer Software | 4,998 | 3,5 |
| Tenant Improvements | 42,194 | 42,1 |
| | 614,732 | 457,7 |
| Less: Accumulated depreciation & amortization | (325,193) | (261,3 |
| NET PROPERTY & EQUIPMENT | 289,539 | 196,3 |
| OTHER ASSETS | | |
| Lease deposit | 10,237 | 7,0 |
| Other assets | 4,260 | 2,5 |
| TOTAL OTHER ASSETS | 14,497 | 9,5 |
| TOTAL ASSETS | $ 1,137,693 | $ 1,827,3 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable | $ 91,855 | $ 24,8 |
| Accrued liabilities | 81,573 | 42,0 |
| Officer salaries payable | 237,981 | 243,7 |
| Staff salaries payable | 49,813 | 46,4 |
| Note payable | 30,000 | 39,5 |
| Current portion - obligations under capitalized leases | 50,661 | 33,6 |
| TOTAL CURRENT LIABILITIES | 541,883 | 430,3 |
| LONG TERM LIABILITIES | | |
| Obligations under capitalized leases | 100,987 | 45,0 |
| Deposit - shareholder | 19,875 | |
| TOTAL LONG TERM LIABILITIES | 120,862 | 45,0 |
| TOTAL LIABILITIES | 662,745 | 475,4 |
| SHAREHOLDERS' EQUITY | | |
| Capital Stock | 178,736 | 172,4 |
| Additional Paid-in Capital | 4,705,026 | 3,871,7 |
| Accumulated deficit | (4,408,814) | (2,692,2 |

| | | |
|---|---|---|
| TOTAL SHAREHOLDERS' EQUITY | 474,948 | 1,351,9 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 1,137,693 | $ 1,827,3 |

Prepared without audit



ROAMING MESSENGER, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

| | Three months ended March 31, 2005 | Nine months ended March 31, 2005 | T month March |
|---|---|---|---|
| REVENUE | $ 295,925 | $ 912,857 | $ |
| COST OF REVENUE | (92,593) | (331,181) | |
| GROSS PROFIT | 203,332 | 581,676 | |
| OPERATING EXPENSES | | | |
| Selling, general and administrative expenses | 806,280 | 1,936,967 | |
| Research and development | 98,399 | 287,151 | |
| Depreciation and amortization | 22,889 | 63,361 | |
| TOTAL OPERATING EXPENSES | 927,568 | 2,287,479 | |
| OPERATING LOSS | (724,236) | (1,705,803) | |
| OTHER INCOME (EXPENSES) | | | |
| Interest income | 1,257 | 7,867 | |
| Interest expense | (7,473) | (18,580) | |
| TOTAL OTHER INCOME (EXPENSES) | (6,216) | (10,713) | |
| NET LOSS | $ (730,452) | $ (1,716,516) | $ |
| BASIC AND DILUTED LOSS PER SHARE | $ (0.00) | $ (0.01) | $ |
| WEIGHTED AVERAGE NUMBER OF SHARES | 173,305,432 | 172,756,708 | 16 |

Prepared without audit

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ROAMING MESSENGER, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Nine months ended March 31, 2005 | Ni months March 3 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (1,716,516) | $ ( |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 63,823 | |
| Warrants issued for services | 102,026 | |
| Common stock issued for services | 259,173 | |
| Decrease (increase) in account receivable | (55,948) | |
| Decrease (increase) in prepaid and other assets | (14,680) | |
| (Decrease) increase in accounts payable | 66,962 | |
| (Decrease) increase in officer salaries payable | (5,749) | |
| (Decrease) increase in staff salaries payable | 3,314 | |
| (Decrease) increase in other liabilities | 34,515 | |
| NET CASH USED IN OPERATING ACTIVITIES | (1,263,080) | ( |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property & equipment | (49,548) | |
| NET CASH USED IN INVESTING ACTIVITIES | (49,548) | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Issuance of common stock | 478,338 | 2, |
| Deposit for shares of common stock | 19,875 | |
| Payment on note payable | (9,500) | |
| Payments on capitalized lease obligations | (34,509) | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 454,204 | 2, |
| NET INCREASE (DECREASE) IN CASH | (858,424) | 1, |
| CASH AT BEGINNING OF PERIOD | 1,495,102 | |
| CASH AT END OF PERIOD | $ 636,678 | $ 1, |

| | | |
|---|---|---|
| Supplementary disclosures: | | |
| Interest paid | $ 18,580 | $ |
| Capitalized leases contracted: | $ 107,467 | $ |

Prepared without audit



ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

1. BASIS OF PRESENTATION AND GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending June 30, 2005. For further information refer to the financial statements and footnotes thereto included in the Company's Form 10K-SB for the year ended June 30, 2004.

The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company's losses and negative cash flows from operations raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, additional cash infusion.

2. STOCK OPTIONS AND WARRANTS

Stock-Based Compensation

The Company accounts for employee stock option grants in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations (APB 25), and has adopted the "disclosure only" alternative described in Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, amended by SFAS No. 148 Accounting for Stock-Based Compensation-Transition and Disclosure.

SFAS No. 123, Accounting for Stock-Based Compensation, requires pro forma information regarding net income (loss) using compensation that would have been incurred if the Company had accounted for its employee stock options under the fair value method of that statement. Options to purchase 1,200,000 and 2,465,994 shares of Roaming Messenger, Inc. were granted during the nine months ended March 31, 2005 and 2004, respectively. The fair value of options granted, which have been estimated at $65,030 and $60,982, respectively, at the date of grant were determined using the Black-Scholes Option pricing model with the following assumptions:

| | 2005 | 2004 |
|---|---|---|
| Risk free interest rate | 3.36-4.17% | 3.18-3.83% |
| Stock volatility factor | 0.32-0.70 | 0.01 |
| Weighted average expected option life | 4 years | 4 years |
| Expected dividend yield | None | None |

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ROAMING MESSENGER, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

2. STOCK OPTIONS AND WARRANTS (Continued)

The pro forma net loss and loss per share had the Company accounted for the options using FAS 123 would have been as follows:

| | Three Months Ended March 31, 2005 | Nine Months Ended March 31, 2005 | Thre En March |
|---|---|---|---|
| Net loss as reported | $ (730,452) | (1,716,516) | $ |
| Basic and diluted net loss per share as reported | (0.00) | (0.01) | |
| Add: Stock based employee compensation expense included in net reported loss, net of related taxes | -- | | |
| compensation expense determined under fair value based method for all awards, net of related taxes | (4,456) | (13,368) | |
| Pro forma net loss | $ (734,908) | $ (1,729,884) | $ |
| Basic and diluted pro forma loss per share | $ (0.00) | $ (0.01) | $ |

During the nine month period ended March 31, 2005 (ii) 1,200,000 options were granted at an exercise price of $0.17 per share, (ii) 6,787,500 previously granted options were cancelled and/or forfeited. As of March 31, 2005, total outstanding unexercised options are 1,934,994.

Warrants

On March 31, 2005, the Company granted warrants to purchase 201,000 shares of common stocks at $0.10 per share for consulting services. These warrants expire on March 31, 2007, and were valued at $20,964 using the Black-Scholes model.

3. SUBSEQUENT EVENTS

In connection with the Periodic Investment Agreement with Wing Fund, Inc., we also entered into a registration rights agreement pursuant to which we agreed to register the shares issuable upon purchases under the Periodic Investment Agreement. The registration rights agreement contained a liquidated damages provision providing for the issuance to Wings Fund of 200,000 shares of our common stock in the event that we are late in the filing of the registration statement. Although we filed the registration statement on May 3, 2005, as a result of which we missed the deadline for the filing by six days, Wing Fund has waived its right to the issuance of these shares.

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

CAUTIONARY STATEMENTS

This Form 10-QSB may contain "forward-looking statements," as that term is used in federal securities laws, about Roaming Messenger, Inc.'s financial condition, results of operations and business. These statements include, among others:

o statements concerning the potential benefits that Roaming Messenger, Inc. ("RMI" or the "Company") may experience from its business activities and certain transactions it contemplates or has completed; and

o statements of RMI's expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts. These statements may be made expressly in this Form 10-QSB. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "opines," or similar expressions used in this Form 10-QSB. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause RMI's actual results to be materially different from any future results expressed or implied by RMI in those statements. The most important facts that could prevent RMI from achieving its stated goals include, but are not limited to, the following:

(a) volatility or decline of the Company's stock price;

(b) potential fluctuation in quarterly results;

(c) failure of the Company to earn revenues or profits;

(d) inadequate capital to continue or expand its business, inability to raise additional capital or financing to implement its business plans;

(e) failure to commercialize its technology or to make sales;

(f) changes in demand for the Company's products and services;

(g) rapid and significant changes in markets;

(h) litigation with or legal claims and allegations by outside parties;

(i) insufficient revenues to cover operating costs.

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services, the Company's products and services may become obsolete, government regulation may hinder the Company's business, additional dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, or the exercise of outstanding warrants and stock options, and other risks inherent in the Company's businesses.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. RMI cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-QSB. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that RMI or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-QSB, or to reflect the occurrence of unanticipated events.

CURRENT OVERVIEW

We are a software company and have developed a proprietary system that enables software programs and other business applications to connect to wired and wireless devices, such as cellular phones, computers and personal digital assistants. This system, known as the Roaming Messenger Platform, serves as a gateway to the mobile world for a variety of software programs and other business applications such as those used in emergency response, homeland security, logistics, healthcare and financial services.

We have recently rolled out an improved version of the Roaming Messenger Platform which is being offered as a standalone server product or a hosted service. We expect to sell and license the Roaming Messenger product to system integrators and application developers in markets such as emergency response services, the military and private businesses. For example, we might sell a Roaming Messenger Gateway server to a systems integrator that is designing an emergency alert and notification system. We plan to sell Roaming Messenger through channel partners and value-added resellers (VARs) who are established in their respective vertical markets.

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For the year ended June 30, 2004, we focused our efforts primarily on product refinement and market development of the Roaming Messenger product. We have forged a number of partnerships with small to medium sized companies in the Homeland Security and Public Safety sector. While we have validated the need for the unique capabilities of Roaming Messenger in these markets, significant revenue has yet to be derived, due to minimal sales and marketing efforts. Also, it took much longer than anticipated for federal funds to flow into the information technology procurement departments of government and public safety agencies to which most of our channel partners sell.

A large part of our investment capital was used for product development and infrastructure build-out during the year ended June 30, 2004. However, this will shift more towards sales, marketing and business development for the upcoming fiscal year ending June 30, 2005. The homeland security and public safety markets are still our primary markets as we are beginning to see increased information technology spending at the state and local government level. While Roaming Messenger is a horizontal product with application in many markets, our primary sales and marketing strategy continues to be vertically focused. We will execute various low-cost horizontal marketing programs, concurrently, to identify new opportunities in non-primary vertical markets - such as healthcare or enterprise markets.

Our growth strategy consists of three phases:

- During Phase I we will focus our marketing efforts on the Homeland Security and Public Safety markets
- During Phase II we will focus on the enterprise markets for business process management and communication applications.
- During Phase III we will focus on the consumer markets for application such as mobile commerce and mobile gaming.

In executing our growth strategy, strategic acquisition of synergistic companies may be explored. When decide on potential acquisition candidates, we will consider whether the candidate offers (i) access to customers and (ii) complementary products or services.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2005 COMPARED TO THE SAME PERIOD IN 2004

Total revenue for the three-month period ending March 31, 2005 was $295,925 as compared to $234,701 for the three-month period ending March 31, 2004. The increase of $61,224 was primarily due to the reselling of third party online marketing services.

The cost of revenue, in terms of percentage of revenue, for the three-month period ending March 31, 2005 was 31% as compared to 11% for the three-month period ending March 31, 2004. This increase in cost of revenue was primarily due to the reselling of third party online marketing services.

Research and development expenses were $98,399 for the three months ending March 31, 2005 as compared to $109,492 for the three month period ended March 31, 2004.

Operating expenses increased from $567,996 for the three months ended March 31, 2004 to $927,568 for the three months ended March 31, 2005. The increase in operating expenses between the two periods is primarily due to $263,137 in non-cash expenses for sales, marketing and advisory services.

The non-cash charges include (i) $242,173 of unregistered stock for business development and advisory services, and (ii) $20,964 expense for the issuance of warrants to business development contractors in lieu of cash payment for their services. The value of the warrants was determined using the Black Scholes model.

Operating costs are expected to exceed revenue in the foreseeable future as the Company continues to increase sales and marketing efforts as well as increasing staff.

For the three months ended March 31, 2005, the Company's consolidated net loss was ($730,452) as compared to a consolidated net loss of ($359,622) for the three months ended March 31, 2004.

Nine-Month Period Ended March 31, 2005 and in 2004

Total revenue for the nine-month period ending March 31, 2005 was $912,857 as compared to $688,827 for the nine-month period ending March 31, 2004. Almost all of the increase of was due to the reselling of third party online marketing services.

The cost of revenue, in terms of percentage of revenue, for the nine-month period ending March 31, 2005 was 36% as compared to 12% for the nine-month period ending March 31, 2004. This increase in cost of revenue was primarily due to the reselling of third party online marketing services.

Research and development expenses increased from $193,292 for the nine months ended March 31, 2004 to $289,664 for the nine months ended March 31, 2005 due to increase in Roaming Messenger engineering staff.

Operating expenses increased from $1,190,057 for the nine months ended March 31, 2004 to $2,287,479 for the nine months ended March 31, 2005. The increase in operating expenses between the two periods is primarily due to (i) $226,537 increase in non-cash stock based compensation to various business and financial consultants (ii) $291,709 increase in sales and marketing salaries and expenses (iii) $302,380 increase in administrative, support and production salaries.

The $2,287,479 operating expenses for the nine month ended March 31, 2005 includes non-cash charges of (i) $259,173 of unregistered common stock for business development and advisory services, and (ii) $102,026 for the issuance of warrants to business development contractors. The value of the warrants was determined using the Black Scholes model.

Operating costs are expected to exceed revenue in the foreseeable future as the Company continues to increase sales and marketing efforts as well as increasing staff.

For the nine months ended March 31, 2005, the Company's consolidated net loss was ($1,716,516) as compared to a consolidated net loss of ($594,832) for the nine months ended March 31, 2004.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash at March 31, 2005 of $636,678 as compared to cash of $1,495,102 as of June 30, 2004. The Company had net working capital (i.e. the difference between current assets and current liabilities) of $291,774 at March 31, 2005 as compared to a net working capital of $1,191,108 at June 30, 2004. Cash flow utilized by operating activities was ($1,263,080) for the nine months ended March 31, 2005 as compared to cash utilized for operating activities of ($655,525) during the nine months ended March 31, 2004. Cash flow used in investing activities was ($49,548) for the nine months ended March 31, 2005 as compared to cash used in investing activities of ($25,507) during the nine months ended March 31, 2004. Cash flow provided by financing activities was $454,204 for the nine months ended March 31, 2005 as compared to cash provided by financing activities of $2,286,638 for the nine months ended March 31, 2004.

On March 28, 2005, we entered into a Periodic Equity Investment Agreement with Wings Fund, Inc. Pursuant to the Periodic Equity Investment Agreement, we may, on a monthly basis commencing after the effective date of the registration statement to be filed by us in connection with that agreement, periodically sell to Wings Fund, Inc. shares of common stock for a total purchase price of up to

$3,000,000. Such monthly sales are limited to a maximum aggregate of $250,000. Further, upon execution of the Periodic Equity Investment Agreement, we issued to Wings Fund, Inc. an aggregate of 5,000,000 shares of our common stock at a price of $0.10 per share for gross proceeds of $500,000.

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We believe that the funds to be received from Wings will be sufficient to fund and expand our business over the next 24 months. The issuance and sale of shares pursuant to the periodic equity investment agreement is likely to result in substantial dilution to the interests of our other stockholders. The number of shares issuable pursuant to the Periodic Equity Investment Agreement will increase if the market price of our stock decreases. There is no upper limit on the number of shares that we may be required to issue under the agreement with Wings. The continuously adjustable price feature of our periodic equity investment agreement could require us to issue a substantially greater number of shares, which will cause dilution to our existing stockholders. A larger number of shares issuable at a discount to a continuously declining stock price will expose our shareholders to greater dilution and a reduction of the value of their investment. Our agreement with Wings contains a provision that limits its interest in our common stock to 4.99% of the outstanding shares. Although Wings may waive this provision, there can be no assurance that it will do so. Therefore, we may never receive the entire amount contemplated under the agreement.

If we are not able to draw down the entire $3,000,000 for the reason set forth above or for any other reason, we may have to obtain additional operating capital from other sources to enable us to execute our business plan. We anticipate that we will obtain any additional required working capital through the private placement of Common Stock to domestic accredited investors pursuant to Regulation D of the Securities Act of 1933, as amended (the "Act"), or to offshore investors pursuant to Regulation S of the Act. There is no assurance that we will obtain the additional working capital that we need through the private placement of Common Stock. In addition, such financing may not be available in sufficient amounts or on terms acceptable to us. The agreement with Wings precludes us, without the consent of Wings, from raising capital in transactions that would be integrated with the offering of the shares included in this prospectus thereby requiring the registration under the Act of those securities. Therefore, we may be hampered in our ability to raise additional capital. If we are unable to draw down under the agreement with Wings the amounts of capital required to execute our business plan and we are unable to obtain sufficient financing from other sources on acceptable terms, we may have to curtail our activities.

## Item 3. CONTROLS AND PROCEDURES

The Company's Chairman, Chief Executive Officer, and Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report and, based on this evaluation, has concluded that the disclosure controls and procedures are effective.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's third fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. - OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

On June 21, 2004, one of our shareholders filed a lawsuit against us in California Superior Court in Santa Barbara, California, alleging that we did not process the shareholder's request for the removal of the restrictive transfer legend on the shareholder's stock pursuant to Rule 144 of the Securities Act of 1933, as amended. We answered the complaint, asserting that we did not in any way impair the processing of the shareholder's request for legend removal and that we did not violate any of our duties. We never objected or interfered with his request or its processing by the transfer agent, and did not believe that his case had any merit. In March 2005, the plaintiff dismissed the lawsuit with prejudice. In consideration for the dismissal, a general release of all claims by both parties, and as a resolution to a separate dispute regarding a consulting agreement between the Company and the shareholder, we agreed to (i) pay the plaintiff $18,000, $3,000 in cash upon settlement, and issuance of an unsecured promissory note in the principal amount of $15,000, payable $1,000 per month until maturity and (ii) issued 424,000 shares of our common stock to the plaintiff.

### Item 2. CHANGES IN SECURITIES

During the quarter ended March 31,2005, the Company issued 1,051,589 shares to 4 individuals as compensation for services rendered to the Company. The shares were valued at the market price of the Company's common stock at the time of issuance ranging from $0.20 to $0.30 per share.

On or about March 28, 2005, the Company ("RMI") entered into a Securities Purchase Agreement, Periodic Investment Agreement, and Registration Rights Agreement (collectively, the "Agreement") with Wings Fund, Inc. pursuant to which Wings Fund, Inc. agreed to purchase up to $3,500,000 worth of the common stock of RMI (the "Common Stock"). At the closing on March 28, 2005 (the "Closing Date"), Wings Fund, Inc. purchased 5,000,000 shares of Common Stock for a purchase price of $500,000. The remaining $3,000,000 will be funded by Wings Fund, Inc. at RMI's discretion in monthly increments of up to $250,000 (the "Monthly Purchases") within twelve months after a Registration Statement on Form SB-2 or other appropriate form (the "Registration Statement") covering the Common Stock purchased and to be purchased by Wings Fund, Inc. pursuant to the Agreement is declared effective by the Securities and Exchange Commission. The price per share of the Common Stock for the Monthly Purchases will be 60% of the volume weighted average price ("VWAP") of the Common Stock as quoted by Bloomberg, LP over the twenty (20) trading days prior to the date of each Monthly Purchase. VWAP will be calculated by adding the dollar value of each transaction in RMI's Common Stock (price times number of shares traded), divided by the total volume of shares of Common Stock traded for the trading day. There will be a minimum of twenty (20) trading days between Monthly Purchases. RMI filed the Registration Statement (the "Filing Date"). RMI will use its best efforts to cause the Registration Statement to become effective within one hundred twenty (120) days from the Filing Date (the "Effective Date"). If the Registration Statement has not been declared effective by the Effective Date, RMI will be liable to Wings Fund, Inc. for liquidated damages in the amount of 200,000 shares of Common Stock for every thirty (30) day period the Registration Statement has not been filed or declared effective, as the case may be.



### Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

| EXHIBIT NO. | DESCRIPTION |
|---|---|
| 3.1 | Articles of Incorporation (1) |
| 3.2 | Bylaws (1) |
| 4.1 | Specimen Certificate for Common Stock (1) |
| 4.2 | Non-Qualified Employee Stock Option Plan (2) |
| 10.1 | First Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (3) |
| 10.2 | Second Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (4) |
| 10.3 | Exchange Agreement and Representations for Shareholders of Warp 9, Inc.(3) |
| 31.1 | Section 302 Certification |
| 32.1 | Section 906 Certification |

(1) Incorporated by reference from the exhibits included with the Company's prior Report on Form 10-KSB filed with the Securities and Exchange Commission, dated March 31, 2002.

(2) Incorporated by reference from the exhibits included in the Company's Information Statement filed with the Securities and Exchange Commission, dated August 1, 2003.

(3) Incorporated by reference from the exhibits included with the Company's prior Report on Form SC 14F1 filed with the Securities and Exchange Commission, dated April 8, 2003.

(4) Incorporated by reference from the exhibits included with the Company's prior Report on Form 8K filed with the Securities and Exchange Commission, dated May 30, 2003.

(b) The following is a list of Current Reports on Form 8-K filed by the Company during and subsequent to the quarter for which this report is filed.

Form 8-K Report filed on March 30, 2005.

SIGNATURES

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

Dated: August 9, 2005

ROAMING MESSENGER, INC.

By: /s/ Jonathan Lei

Jonathan Lei, Chairman of the Board,
Chief Executive Officer, President
Chief Financial Officer, and Secretary

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