

UNIVERSAL BROADBAND NETWORKS INC
Form 10-Q/A
November 21, 2002

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

FORM 10-Q/A

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

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, 13TH FLOOR
IRVINE, CALIFORNIA
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

92614
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (949) 260-4728

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 /X/ No / /

As of October 31, 2002 there were 25,346,849 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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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.) (Debtor-in-Possession)

PART I--FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	SEPTEMBER 30, 2002 ----- (Unaudited)	MARCH 31, 2002 -----
Cash	\$ 2,386	\$ 541
Accounts receivable	20	44
Prepaid expenses and other assets	3	5
Frequency licenses and access rights	--	120
	-----	-----
Total assets in liquidation	\$ 2,409 =====	\$ 710 =====
LIABILITIES		
Post-petition accounts payable and accrued liabilities	\$ 1,455	\$ 983
Liabilities subject to compromise	56,163	54,233
	-----	-----
Total liabilities in liquidation	57,618	55,216
	-----	-----
Net liabilities in liquidation	\$55,209 =====	\$54,506 =====

See accompanying notes to consolidated condensed financial statements.

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, ----- 2002 ----	FOR THE THREE MONTHS ENDED SEPTEMBER 30, ----- 2001 ----	FOR THE THREE MONTHS ENDED SEPTEMBER 30, ----- 2000 ----
Revenues	\$ - -----	\$ 1 -----	\$ - -----
Operating expenses:			
Network expenses.....	-	9	-

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Payroll and related expenses.....	66	122	
General and administrative expenses.....	261	190	
Impairment charges (Note 2).....	-	-	
Other income.....	(65)	(20)	
	-----	-----	-----
Total operating expenses.....	262	301	
	-----	-----	-----
Net loss.....	\$ (262)	\$ (300)	\$
	=====	=====	=====

See accompanying notes to consolidated condensed financial statements.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(LIQUIDATION BASIS)
(UNAUDITED)

	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002	FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2001
	-----	-----
Change in net liabilities in liquidation:		
Cash	\$ (1,845)	\$ 159
Accounts receivable	24	4
Prepaid expenses and other current assets	2	6
Frequency licenses and access rights	120	--
Liabilities subject to compromise	1,930	--
Account payable and accrued liabilities	472	425
	-----	-----
Increase in net liabilities in liquidation	703	594
Net liabilities in liquidation, beginning of period	54,506	55,228
	-----	-----
Net liabilities in liquidation, end of period	\$ 55,209	\$ 55,822
	=====	=====

See accompanying notes to consolidated condensed financial statements.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION

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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 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, 2002 and March 31, 2002, 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, 2002 will be recognized in the period in which they are susceptible of reasonable estimation in accordance with GAAP.

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, 2002 and March 31, 2002. Such values could differ materially from amounts ultimately realized in the future as the Company completes its liquidation. In the Chapter 11 Case, all of the Company's

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION (CONTINUED)

liabilities as of the Petition Date are considered subject to compromise (including the entire amount of secured claims which are 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, 2002 and March 31, 2002 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 Statements 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, 2002, the consolidated condensed statements of changes in net liabilities in liquidation for the three and six month periods ended September 30, 2002 and 2001, and the consolidated condensed statements of cash flows for the six month periods ended September 30, 2002 and 2001 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 1, 2002.

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.

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

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 1, 2002. 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.

COURT CONFIRMATION OF THE COMPANY'S AMENDED PLAN OF REORGANIZATION

On or about September 18, 2002, the United States Bankruptcy Court confirmed the Company's Fourth Amended Chapter 11 Plan of Reorganization, as modified (the "Plan"). Under the Plan, it is anticipated that allowed administrative claims, priority tax claims, secured claims and priority wage claims will be paid in full. Allowed general unsecured claims will be paid pro rata from funds of the bankruptcy estate, if any, remaining after payment of the aforementioned classes of claims. Shareholders will receive nothing under the Plan and shall retain no interest in the Company or any successor entity.

On the effective date of the Plan, November 20, 2002, the Plan mandates that all remaining assets of the Company will be transferred to the Liquidating Trust established under the Plan. J. Michael Issa was appointed by the court to serve as Liquidating Trustee under the Plan.

Concurrently with the transfer of assets to the Liquidating Trust, the Company's merger under the Plan with FoneFriend, Inc. ("FoneFriend"), a Nevada corporation, will be effective, with the Company being the surviving entity. Upon closing, all of the Registrant's then issued and outstanding shares of capital stock will be cancelled and extinguished pursuant to the Plan. The Registrant will then issue 2,200,000 shares of newly created common stock in favor of FoneFriend, in exchange for all of FoneFriend's assets and 115,750 shares of newly created common stock in favor of the Liquidating Trust. As a result, the Registrant will have a total of 2,315,750 shares of newly created common stock issued and outstanding of which FoneFriend will own ninety-five percent (95%) and J. Michael Issa, Esq., as Trustee of the Liquidating Trust will own five percent (5%). FoneFriend management will then distribute the

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Registrant's shares received to its shareholders, on a pro-rata basis. Each shareholder of FoneFriend will receive one (1) share of the Registrant's common stock for every four (4) shares of FoneFriend common stock held by him or her. Immediately subsequent to the merger, the Registrant will authorize the issuance of 820,361 shares of a newly created Series A Preferred Stock (each share of which is convertible into one share of common stock) to be issued to those FoneFriend shareholders who held shares of FoneFriend's preferred stock prior to the merger. The Registrant will then issue an additional 4,600,000 shares of common stock to various personnel in management and consultant positions in order to retain their services, an additional 423,000 shares of common stock to Dennis H. Johnston as compensation for his services in connection with the merger between the Registrant and FoneFriend and an additional 307,250 shares of common stock to the Liquidating Trust so as to be in compliance with the Antidilution Protection provisions of paragraph 4.3 of the Plan.

Consequently, subsequent to the merger and pursuant to the merger agreement and Plan, the merged entity will have 7,646,000 shares of common stock and 820,361 shares of Series A preferred stock (convertible into common stock) issued and outstanding, all of which will be new shares.

As of September 30, 2002, the Registrant has received the agreed upon amount of \$115,000 from FoneFriend in connection with the merger agreement.

One year after the closing of the merger, the Liquidating Trustee can liquidate or distribute the retained shares. Under the Plan, there will be no dilution of the interest of the Liquidating Trust in the merged Company until the liquidation or distribution of the shares other than as is more specifically set forth in Section 3.8 of the merger agreement. Commencing one year after the merger closing, the merged Company may be required, at the Liquidating Trustee's option, to redeem all or part of the shares held by the Liquidating Trust for \$3,000,000 or a pro rata portion thereof if less than all of the shares are redeemed, provided that the Registrant has on hand sufficient surplus capital to provide for full payment of the redemption price and is otherwise permitted to consummate such redemption under applicable law.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

2. BANKRUPTCY CASE AND RELATED MATTERS (CONTINUED)

PAYMENT OF RETAINED PROFESSIONALS IN THE BANKRUPTCY CASES OF THE COMPANY AND ITS SUBSIDIARIES

On or about October 10, 2002, the United States Bankruptcy Court approved the final fee applications of the Company's and the Committee of Unsecured Creditors' counsel and accountants in the consolidated bankruptcy cases of the Company and its subsidiary IJNT, Inc. Under the court's order, the Company paid the remaining administrative claims of its and the Committee's professionals in the amount of \$1,359. Such amounts have been recorded in the accompanying financial statements as "Post petition accounts payable and accrued liabilities." The September 30, 2002 estimated net realizable value of total assets in liquidation will be reduced in the future by any additional general and administrative expenses incurred subsequent to that date.

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In addition to the payments made by the Company pursuant to the order, two of the Company's professionals may receive incremental bonuses ranging from \$20 to \$125 if the one year post-merger value of the stock retained from the merger of the Company and FoneFriend, Inc. for the benefit of the creditors exceeds \$750. Due to the uncertainty of such valuation, these amounts have not been accrued in the accompanying financial statements.

On or about November 13, 2002, the United States Bankruptcy Court approved the final fee applications of the Company's and the Committee of Unsecured Creditors' counsel in the bankruptcy case of subsidiary UBN. Under the court's order, UBN paid the remaining administrative claims of its and the Committee's professionals in the amount of \$63.

On or about November 11, 2002, the subsidiary's counsel in the bankruptcy case of subsidiary Man Rabbit House Multimedia, Inc. filed a final fee application, requesting fees and costs in the amount \$21. The Company anticipates the approval of the fee application by the court within approximately thirty days. No professionals have been retained by the Committee of Unsecured Creditors in the Man Rabbit House case.

CONVERSION OF THE BANKRUPTCY CASES OF CERTAIN SUBSIDIARIES FROM CHAPTER 11 TO CHAPTER 7

On or about November 1, 2002, the United States Bankruptcy Court ordered the conversion of the bankruptcy case of subsidiary UBEE from Chapter 11 to Chapter 7. No trustee was appointed for the UBEE bankruptcy estate because there were no assets in the subsidiary.

On or about November 15, 2002, the United States Bankruptcy Court ordered the conversion of the bankruptcy case of subsidiary Man Rabbit House Multimedia, Inc. from Chapter 11 to Chapter 7. Richard Marshack, Esq. was appointed by the court as trustee for the subsidiary's bankruptcy estate.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

2. BANKRUPTCY CASE AND RELATED MATTERS (CONTINUED)

FREQUENCY LICENSE IMPAIRMENT

The Company had been negotiating with a buyer for its frequency licenses. Terms of the sale were based upon a certain stock price of the shares of the purchaser's publicly traded stock. Due to recent market conditions, the purchaser's stock price fell below the contract value. A stipulation to abandon the licenses was executed on August 21, 2002 with the Federal Communications Commission ("FCC"). The motion to approve the stipulation was filed on November 6, 2002 in the Bankruptcy Court and will become automatically approved if no objections are filed with the Court within 15 days from such date. The Company recognized the impairment of the frequency licenses in June 2002 totaling \$120.

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

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the requirements for continued listing on the Nasdaq National Market, by letter dated November 3, 2001, 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 Over the Counter Bulletin Board under the ticker symbol "UBNTQ"; 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

Per the Order Approving the Stipulation for Relief from Stay ("Order") entered on April 1, 2002 by the U.S. Bankruptcy Court, funds from one of the Company's cash accounts were applied to pay off a pre-petition lease obligation totaling \$70. The remaining account balance of \$44 was deposited into the Company's operating account effective April 16, 2002.

See Note 3 below for discussion of the increase in the amount of unsecured short-term debt.

The September 30, 2002 and March 31, 2002 balances of unsecured and undersecured pre-petition liabilities that became subject to compromise on October 31, 2000 are as follows:

	SEPTEMBER 30, 2002 ----	MARCH 31, 2002 ----
Secured vendor financing (Note 3)	\$10,388	\$10,388
Estimated lease and contract rejection costs	7,776	7,846
Accounts payable	9,441	9,441
Obligations under capital leases	2,642	2,642
Accrued payroll and related expenses	298	298
Unsecured short-term debt	25,618	23,618
	-----	-----
Total liabilities subject to compromise	\$56,163 =====	\$54,233 =====

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

3. 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, 2002, filed with the SEC on July 1, 2002.

On December 20, 2001, the Bankruptcy Court approved an order effectively disposing of the transmission equipment that was collateral for the above agreement (the "Nortel equipment") via a nonjudicial foreclosure with Nortel, a

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significant creditor in the Chapter 11 Case. Under such agreement, the Company received \$168 in cash and a reduction of the liabilities owed Nortel in an amount no less than \$2,800. Such cash was received in February 2002.

NORTEL SETTLEMENT

On or about July 31, 2002, the United States Bankruptcy Court approved the negotiated settlement of the Company's adversary proceeding filed during April 2001 against Nortel Networks in the Company's Bankruptcy Case. The Company asserted in the adversary proceeding that Nortel had received an avoidable preference payment of \$4,000 from the Company prior to the filing of bankruptcy petitions by the Company and its subsidiaries on October 31, 2000. Under the settlement, Nortel paid the Company \$2,000; and Nortel's remaining general unsecured claim in the bankruptcy was increased by the same amount. The Company and Nortel also executed mutual releases of any other claims between them as part of the settlement.

The liability amounts set forth below have been classified as liabilities subject to compromise in the accompanying statements 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, 2002 and March 31, 2002:

	September 30, 2002	March 31, 2002
	----	----
Tranche A	\$ 6,089	\$ 4,089
Tranche B	10,388	10,388
	-----	-----
Total	\$16,477	\$14,477
	=====	=====

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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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, 2001 (the "Petition Date"), Universal Broadband Networks, Inc. and four of its wholly-owned subsidiaries (collectively the "Company") filed a

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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 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, 2002 and March 31, 2002, 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, 2002 will be recognized in the period in which they are susceptible of reasonable estimation in accordance with GAAP.

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, 2002 and March 31, 2002 consolidated condensed statements of net liabilities in liquidation.

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

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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, 2002 and March 31, 2002 statements of net liabilities in liquidation. These claims, however, are subject to certain limitations imposed by the Bankruptcy

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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 Statements of net liabilities in liquidation.

COURT CONFIRMATION OF THE COMPANY'S AMENDED PLAN OF REORGANIZATION

On or about September 18, 2002, the United States Bankruptcy Court confirmed the Company's Fourth Amended Chapter 11 Plan of Reorganization, as modified (the "Plan"). Under the Plan, it is anticipated that allowed administrative claims, priority tax claims, secured claims and priority wage claims will be paid in full. Allowed general unsecured claims will be paid pro rata from funds of the bankruptcy estate, if any, remaining after payment of the aforementioned classes of claims. Shareholders will receive nothing under the Plan and shall retain no interest in the Company or any successor entity.

On the effective date of the Plan, November 15, 2002, all remaining assets of the Company were transferred to the Liquidating Trust established under the Plan. J. Michael Issa was appointed by the court to serve as Liquidating Trustee under the Plan.

Immediately subsequent to the transfer of assets to the Liquidating Trust, the Company was merged on November 15, 2002, with FoneFriend, Inc. ("FoneFriend"), a Nevada corporation, with the Company being the surviving entity. Upon closing, all of the Company's issued and outstanding shares were cancelled and extinguished pursuant to the Plan and all issued and outstanding shares of FoneFriend were converted to the right to receive ninety five percent (95%) of the shares of the merged Company. The Liquidating Trustee retains five percent (5%) of the shares of the merged Company for the benefit of the Company's creditors entitled to payment under the Plan. As of September 30, 2002, the Company has received the agreed upon amount of \$110,000 from FoneFriend in connection with this agreement.

One year after the closing of the merger, the Liquidating Trustee can liquidate or distribute the retained shares. Under the Plan, there will be no dilution of the interest of the Liquidating Trust in the merged Company until the liquidation or distribution of the shares. Commencing one year after the merger closing, the merged Company may be required, at the Liquidating Trustee's option, to redeem all or part of the shares held by the Liquidating Trust for \$3.0 million or a pro rata portion thereof if less than all of the shares are redeemed.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
(Debtor-in-Possession)

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

PAYMENT OF RETAINED PROFESSIONALS IN THE BANKRUPTCY CASES OF THE COMPANY AND ITS SUBSIDIARIES

On or about October 10, 2002, the United States Bankruptcy Court approved the final fee applications of the Company's and the Committee of Unsecured Creditors' counsel and accountants in the consolidated bankruptcy cases of the Company and its subsidiary IJNT, Inc. Under the court's order, the Company paid

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the remaining administrative claims of its and the Committee's professionals in the amount of \$1.3 million. Such amounts have been recorded in the accompanying financial statements as "Post petition accrued liabilities." The September 30, 2002 estimated net realizable value of total assets in liquidation will be reduced in the future by any additional general and administrative expenses incurred subsequent to that date.

In addition to the payments made by the Company pursuant to the order, two of the Company's professionals may receive incremental bonuses ranging from \$20,000 to \$125,000 if the one year post-merger value of the stock retained from the merger of the Company and FoneFriend for the benefit of the creditors exceeds \$750,000. Due to the uncertainty of such valuation, these amounts have not been accrued in the accompanying financial statements.

On or about November 13, 2002, the United States Bankruptcy Court approved the final fee applications of the Company's and the Committee of Unsecured Creditors' counsel in the bankruptcy case of subsidiary UBN. Under the court's order, UBN paid the remaining administrative claims of its and the Committee's professionals in the amount of \$62,771.

On or about November 11, 2002, the subsidiary's counsel in the bankruptcy case of subsidiary MRHM filed a final fee application, requesting fees and costs in the amount \$20,542. The Company anticipates the approval of the fee application by the court within approximately thirty days. No professionals have been retained by the Committee of Unsecured Creditors in the Man Rabbit House case.

CONVERSION OF THE BANKRUPTCY CASES OF CERTAIN SUBSIDIARIES FROM CHAPTER 11 TO CHAPTER 7

On or about November 1, 2002, the United States Bankruptcy Court ordered the conversion of the bankruptcy case of subsidiary UBEE from Chapter 11 to Chapter 7. No trustee was appointed for the UBEE bankruptcy estate because there were no assets in the subsidiary.

On or about November 13, 2002, the United States Bankruptcy Court ordered the conversion of the bankruptcy case of subsidiary Man Rabbit House Multimedia, Inc. from Chapter 11 to Chapter 7. Richard Marshack, Esq. was appointed by the court as trustee for the subsidiary's bankruptcy estate.

NORTEL SETTLEMENT

On or about July 31, 2002, the United States Bankruptcy Court approved the negotiated settlement of the Company's adversary proceeding filed during April, 2001 against Nortel Networks in the Company's Bankruptcy Case. The Company asserted in the adversary proceeding that Nortel had received an avoidable preference payment of \$4.0 million from the Company prior to the filing of bankruptcy petitions by the Company and its subsidiaries on October 31, 2000. Under the settlement, Nortel paid the Company \$2.0 million; and Nortel's remaining general unsecured claim in the bankruptcy was increased by the same amount. The Company and Nortel also executed mutual releases of any other claims between them as part of the settlement.

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

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FREQUENCY LICENSE IMPAIRMENT

The Company had been negotiating with a buyer for its frequency licenses. Terms of the sale were based upon a certain stock price of the shares of the purchaser's publicly traded stock. Due to recent market conditions, the purchaser's stock price fell below the contract value. A stipulation to abandon the licenses was executed on August 21, 2002 with the Federal Communications Commission ("FCC"). The motion to approve the stipulation was filed on November 6, 2002 in the Bankruptcy Court and will become automatically approved if no objections are filed with the Court within 15 days from such date. The Company recognized the impairment of the frequency licenses in June 2002 totaling \$120,000.

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 had or is likely to have any significant impact on the Company's limited operations.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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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 financial statements.

The Bankruptcy Court approved the Company's Plan of Reorganization as submitted by the Company on August 13, 2002. The effective date of the Plan is September 31, 2002. The Company will file an 8-K within the time specified by SEC regulations with disclosure of the Plan terms and conditions.

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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 on April 1, through September 1, 2002. 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.

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(1) Exhibits:

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION
302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Universal Broadband Networks, Inc. on Form 10-Q for the quarter ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof, I, Brandon Powell, Executive Vice President and Secretary of the Company, sold officer of the Registrant pursuant to its Chapter 11 Bankruptcy proceedings, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Broadband Networks, Inc.;

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

3. Based on my knowledge, the financial statements and other financial

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information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

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

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

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

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

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

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

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

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

Date: November 15, 2002

/S/ BRANDON POWELL

Brandon Powell

Executive Vice President and Secretary

Note - The positions of Chief Executive Officer and Principal Accountant are currently vacant.

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SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned is the sole remaining officer of Universal Broadband Networks, Inc. pursuant to the Company's Chapter 11 bankruptcy proceedings. The Company has had no board of directors during the pendency of the bankruptcy case, and has operated during the case under the authority of the United States Bankruptcy Court and the Committee of Unsecured Creditors and Liquidating Trustee appointed in the case. In connection with the Quarterly Report of Universal Broadband Networks, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

/S/ BRANDON POWELL

Brandon Powell
Executive Vice President and Secretary

Note - The positions of Chief Executive Officer and Principal Accountant are currently vacant.

(2) Reports on Form 8-K:

None

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UNIVERSAL BROADBAND NETWORKS, INC. AND SUBSIDIARIES (formerly IJNT.net, Inc.)
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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 15, 2002

UNIVERSAL BROADBAND NETWORKS, INC.

/S/ BRANDON POWELL

Brandon Powell
Executive Vice President and Secretary

