VOIP INC
Form 8-K/A
August 06, 2004

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

FORM 8-K/A

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 25, 2004

VOIP, INC.
(Exact name of registrant as specified in its charter)

Texas	0-28985	75-2785941
(State of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)

12330 SW 53rd Street, Suite 712, Ft. Lauderdale, Florida 33330
(Address of principal executive offices, including zip code)

(954) 434-2000
(Registrant's telephone number, including area code)

Registrant filed a Form 8K on June 9, 2004, describing in Items 1 and 2 a material acquisition and resulting change of control. Pursuant to Item 7(a)(4) of Form 8-K, the Management's Decision and Analysis or Plan of Operation, financial statements of the acquired businesses and pro forma financial statements are being filed by amendment hereby. This Amendment should be read in conjunction with the Form 8-K filed on June 9, 2004.

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

The following discussion should be read in conjunction with and qualified in its entirety by the financial statements and related notes included elsewhere in this report. This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those we anticipate in these forward-looking statements.

OVERVIEW

VoIP, INC. ("VoIP" or the "Company") was incorporated in Texas in 1998 under the name "Millennia Tea Masters, Inc." In March 2000, VoIP became a reporting company when a Form 10SB filed with the Securities and Exchange Commission became effective. In April, 2004, the Company began trading on the NASD Over-the-Counter Bulletin Board market after satisfying all requirements of the OTCBB. The Company maintains a website at www.voipincorporated.com, and intends to publish all SEC reports on the website.

On March 1, 2004, the Company announced that it had accepted an unsolicited offer to issue a controlling block of common stock to an investor wishing to contribute his business assets, intellectual property and sales opportunities to a publicly-traded company. On February 27, 2004, the Company issued 12,500,000 shares representing 87.8% of shares outstanding in exchange for $12,500 with the agreement to contribute two companies to engage in a specialty telecommunications business. eGlobalphone, Inc., a Florida corporation, and VoIP Solutions, Inc., a Florida corporation, were contributed to VoIP, Inc. effective April 15, 2004, pursuant to the terms of the Stock Contribution Agreement dated May 25, 2004 and filed with the original Form 8-K amended hereby. Both companies are development-stage start-up companies that commenced operations in February 2004.

RESULTS OF OPERATION OF eGLOBALPHONE, INC.

Period from February 20, 2004 (date of inception) through March 31, 2004.

In its initial 40 days of operation, eGlobal had no revenues and concerned itself primarily with organizing activities, including the following:

- Negotiated connectivity contracts for IP (internet protocol) transit and future peering fabric cross connects at a large international IX (Internet Exchange) site, based in Miami
- Installed server equipment at the IX, including core Cisco 7200 peering and transit routers, out-of-band and remote management equipment, backup servers, web servers, testbed platforms, TDM (time division multiplexing) interconnect system, voicemail platform, billing and OSS systems
- Developed preliminary architecture and code for hardware and inventory database
- Developed preliminary architecture and code for e.164 (phone number) tracking system for scalability across international phone networks
- Developed in-house extensions to open-source platforms for evaluation and integration in both customer and internal VOIP applications
- Reviewed, purchased, and began integration with third-party least-cost-routing, billing, and call control platform which works in conjunction with in-house tools and gateway systems
- Developed basic IT (information technology) infrastructure for corporate support (website, trouble tracking system, etc.)
- Examined competitive landscape for product placement, marketing, advertising and channel strategies

The company incurred $64,279 of general and administrative expense during the period, consisting of salaries expenses, legal and professional expenses, lease expenses, utilities expenses, office expenses and other expenses.

LIQUIDITY

eGlobalphone obtained a $337,000 loan from VoIP, Inc, an affiliate, which it used to purchase equipment ($224,096) and to advance $31,063 to VoIP Solutions, Inc. for the inventory purchase. The company had cash reserves of $75,438 at March 31, 2004. The company will depend upon financing from its parent, VoIP, Inc. for future development.

PLAN OF OPERATIONS

The Company will market VoIP solutions to residential and business consumers through its eGlobalphone, Inc. subsidiary. eGlobalphone uses any DSL, cable modem, wireless or other broadband Internet connection anywhere in the world to access its network for long-distance telephony. eGlobalphone provides a two line MTA (telephone/PBX adapter) manufactured by iCable System Co. Ltd. Once a call is delivered to eGlobalphone's network and equipment, high quality Tier One carriers are used to terminate calls internationally.

eGlobalphone is believed to be the only VoIP (voice over internet protocol) company offering 911 emergency access without using another party's database. This proprietary system has been filed for patent protection as the 911-PSTN (public switch telephone network). It utilizes an automated switching service to route the call to the user's local emergency service provider (911 call center) and will also "fail safe" in the event of a power outage or Internet service interruption.

eGlobalphone markets its products through OEM (original equipment manufacturer) resellers, principally via the Internet but also to a limited number of retailers. We will emphasize sales in the global marketplace, believing that the U.S. market is too saturated with competitors. We will seek marketing partners in each country that is identified as a potential market, in order to provide a local presence. Manuals, interfaces, voice prompts, and operators will be tailored for the primary language of the nationality, and the sales force will operate locally to provide "high-touch" comfort to these localized markets.

eGlobalphone features in addition to unlimited long distance via the Internet the following features: voicemail, caller ID, call waiting, call transfer, caller ID blocking, call forwarding, three-way conference and three-way calling. Low-priced directory information (411) services, conference call capabilities, "follow-me" calling, and many more features are offered as additional line items or per-call products which contribute to the income stream for this product.

RESULTS OF OPERATION OF VOIP SOLUTIONS, INC.

Period from February 20, 2004 (date of inception) through March 31, 2004.

VoIP Solutions generated minimal revenue of $19,510 in its initial 40 days of operation and is still considered a development-stage company. The company also incurred a minimal amount of expenses.

LIQUIDITY

VoIP Solutions obtained a non-interest bearing demand loan of $31,062 from eGlobalphone, an affiliate. The company will depend upon financing from its parent, VoIP, Inc. for future development.

PLAN OF OPERATIONS

The Company's VoIP Solutions, Inc. subsidiary integrates software, hardware, and project management services for the growing industry of Internet Telephony Service Providers. Our experience in the IP networking and VoIP technology arenas allow us to offer rapid project assessment and subsequent deployment of a voice services infrastructure to a customer with an existing IP network such as an ISP (Internet Service Provider), CLEC (Competitive Local Exchange Company), PTT (Public Telephone and Telegraph or cable plant operator.) Our solutions involve delivery of portions of a SIP-based infrastructure (cost-effective media gateways, transcoding solutions, SIP proxies) or a full turn-key system with components that are custom designed to work with each other (billing system, invoice system, least-cost-routing, rate import/exports, etc.) Our combined technology, expertise, resources within the telephony community, and ability to provide right-priced solutions comprise a strong value combination for our customers as they bring their existing base of Internet users into a VoIP product line.

Our strategy is to be a worldwide leader in providing IP telephony, customer premise equipment in addition to premium voice over the Internet subscriber based telephony services and innovated wireless fidelity ("WiFi") technology solutions for residential and enterprise customers.

With the new benefits of wireless networks, VoIP Solutions can leverage the use of the eGlobalphone MTA product and knowledge. Services provided include:

- Billing systems/Platform
- Customer Premise Equipment (CPE)
- Service and application design
- Network design
- Switching platforms
- Back Office/OSS systems
- Web site design and back office integration
- Telephone number management applications
- Auto CPE provisioning systems
- Wholesale call termination
- Installation and training
- Support agreements
- Consultancy

VoIP Solutions will maintain a stock of all iMax products for sale to end-users, carriers and resellers. This will include MTA's, DSL VoIP modems, ADSL VoIP modems and other products sources from third parties.

The Company has developed intellectual property and software for the soft switch platform and associated applications developed for the eGlobalphone service. This includes the source code for the switching servers and related application servers. An agreement with Porta One provides access to software source code and database schemas that permit custom application, layer development and integration. Along with the billing and back office application, VoIP Solutions can supply all of the components, services and customization to fully equip a VoIP Telco.

As software development projects are completed by VoIP Solutions for eGlobalphone, each module will be documented and effectively turned into a "product" that can be sold to other carrier customers and new market entrants.

Ultimately, the VoIP Telco solution will consist of the following modules:

- o Soft switch with SIP (session initiation protocol) Proxy (authentication and call control)
- o Media gateways (to connect T1 and E1 lines and special services)
- o Billing (pre paid, post paid, WiFi Hotspot and call shop)
- o Web Site Integration (sign up, payments, account management)
- o Telephone number inventory management
- o CPE (customer premises equipment) stock control and logistics
- o CPE auto provisioning (remote programming and updates)

Together with wireless network and back office specialists from within the group, VoIP Solutions personnel can also offer a full range of consulting and integration services to the industry.

The company has identified that all working capital requirements for the current annual period will be satisfied from the operation of the newly acquired business and the sales of additional common shares through private placements

Forward Looking Statements

Certain statements contained in this Report and other written material and oral statements made from time to time by us do not relate strictly to historical or current facts. As such, they are considered "forward-looking statements" that provide current expectations or forecasts of future events. Such statements are typically characterized by terminology such as "believe," anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "strategy" and similar expressions. Our forward-looking statements generally relate to the prospects for future sales of our products, the success of our marketing activities, and the success of our strategic corporate relationships. These statements are based upon assumptions and assessments made by our management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors our management believes to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including the following: our ability to achieve profitable operations and to maintain sufficient cash to operate its business and meet its liquidity requirements; our ability to obtain financing, if required, on terms acceptable to it, if at all; the success of our research and development activities; competitive developments affecting our current products; our ability to successfully attract strategic partners and to market both new and existing products; exposure to lawsuits and regulatory proceedings; our ability to protect our intellectual property; governmental laws and regulations affecting operations; our ability to identify and complete diversification opportunities; and the impact of acquisitions, divestitures, restructurings, product withdrawals and other unusual items. Except as required by applicable law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7. Financial Statements and Exhibits

INDEX TO FINANCIAL STATEMENTS

eGLOBALPHONE, INC.

VoIP SOLUTIONS, INC.

PRO FORMA FINANCIAL STATEMENTS

Pro Forma balance sheet - March 31, 2004

Pro Forma Statement of Operations - Three months ended March 31, 2004

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 hereunto duly authorized.

Date: August 6, 2004

VOIP, INC.
(Registrant)

/s/ Steven Ivester

President and Chief Executive Officer

TSCHOPP, WHITCOMB & ORR, P.A.
2600 Maitland Center Parkway, Suite 330
Maitland, FL 32751

Independent Auditors' Report

Board of Directors and Stockholder
eGlobalphone, Inc.

We have audited the accompanying balance sheet of eGlobalphone, Inc. (a development stage company) as of March 31, 2004 and the related statements of operations, changes in capital deficit, and cash flows for the period from January 26, 2004 (date of inception) through March 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of eGlobalphone, Inc. (a development stage company) as of March 31, 2004, and the results of its operations and its cash flows for the period from January 26, 2004 (date of inception) through March 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

/s/ Tschopp, Whitcomb & Orr, P.A.

June 4, 2004
Maitland, Florida

EGLOBALPHONE, INC.
(A Development Stage Company)

Balance Sheet

March 31, 2004

Assets

Current assets:	
Cash	$ 75,438
Due from affiliate (note 3)	31,063
Other current assets	12,980
Total current assets	119,418
Property and equipment, net (note 4)	223,081
Other assets	2,480
Total assets	$ 345,042

Liabilities and Capital Deficit

Current assets:

Accounts payable	$ 72,315
Due to affiliate (note 5)	337,000
Total current liabilities	409,315
Commitments (note 6)	
Capital deficit (note 7):	
Common stock - no par value	
100,000,000 shares authorized	
100,000 shares issued and outstanding	--
Deficit accumulated during the development stage	(64,273)
Total capital deficit	(64,273)
Total liabilities and capital deficit	$ 345,042

See accompanying notes to financial statements.

EGLOBALPHONE, INC.
(A Development Stage Company)

Statement of Operations

Period from January 26, 2004 (date of inception)
through March 31, 2004

Revenues	$ --
Cost of sales	--
Gross profits	--
General and administrative expenses	64,273
Loss before income taxes	(64,273)
Provision for income taxes	--
Net loss	$ (64,273)
Loss per weighted-average share of common stock outstanding, basic and fully diluted	$ (0.64)
Weighted-averted number of common shares outstanding	$ 100,000

See accompanying notes to financial statements.

EGLOBALPHONE, INC.
(A Development Stage Company)

Statement of Changes in Capital Deficit

Period from January 26, 2004 (date of inception)
through March 31, 2004

	Common Stock			
	Number of Shares	Amount	Deficit Accumulated During The Development Stage	Total
Shares issued to founder at inception	100,000	$ --	--	-_
Net loss	--	$ --	(64,273)	(64,273)
Balances at March 31, 2004	100,000	$ --	(64,273)	(64,273)

See accompanying notes to financial statements.

EGLOBALPHONE, INC.
(A Development Stage Company)

Statement of Cash Flow

Period from January 26, 2004 (date of inception) through March 31, 2004

Cash flows from operating activities	$ (64,273)
Net loss	
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	1,015
Changes in assets and liabilities:	
Due from affiliate	(31,063)
Other current assets	(12,980)

Other assets	(2,480)
Accounts payable	72,315
Net cash used in operating activities	(37,466)
Cash flows from investing activities:	
Purchase of property and equipment	(224,096)
Net cash used in investing activities	(224,096)
Cash flows from financing activities:	
Due to affiliate	337,000
Net cash provided by financing activities	337,000
Increase in cash	75,438
Cash at beginning of period	--
Cash at end of period	$ 75,438

See accompanying notes to financial statements.

EGLOBALPHONE, INC.
(A Development Stage Company)

Notes to Financial Statements
March 31, 2004

(1) Organization and Description of Business

eGlobalphone, Inc. (the "Company") was incorporated on January 26, 2004 under the laws of the State of Florida. The Company was formed to market voice over internet protocol solutions to residential and business consumers.

The Company has had minimal operations since inception. Due to the lack of sustaining operations, the Company generated no operating revenues and has incurred a net loss of approximately $60,000. Accordingly, the Company is still considered to be in the development stage.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash on hand, in banks, including accounts in book overdraft positions, certificates of deposit and other highly liquid debt instruments with a maturity of three months or less at the date of purchase to be cash and cash equivalents.

Cash overdraft positions may occur from time to time due to the timing of making bank deposits and releasing checks, in accordance with the Company's cash management policies.

(b) Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets, three to five years, using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes.

(c) Revenue Recognition

The Company sells it products to the general public through direct sales. Accordingly, the Company recognizes revenue at the point of shipment to its customers. Sales allowances are recorded concurrent with the related sale of product. Sales returns are recorded at the time and point that products are received from a dissatisfied consumer.

(d) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. As of March 31, 2004, the deferred tax asset and deferred liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes.

As of March 31, 2004, deferred tax assets are related solely to the Company's net operating loss carryforward of approximately $60,000 which is fully reserved. If these carryforwards are not utilized, they will begin to expire in 2024.

(e) Earnings Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of March 31, 2004, the Company had no warrants or options outstanding.

(f) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Financial Instruments Fair Value, Concentration of Business and Credit Risks

The carrying amount reported in the balance sheet for cash, due from affiliate, accounts payable and due to affiliate approximates fair value because of the immediate or short-term maturity of these financial statements. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of amounts due from affiliate of $31,063 and amounts due to affiliate of $337,000 as of March 31, 2004.

(3) Due from Affiliate

As of March 31, 2004, the Company has made certain advances to an affiliated entity amounting to $31,063. These advances are unsecured, due upon demand and non-interest bearing.

(4) Property and Equipment

As of March 31, 2004, property and equipment consist of the following:

Office Equipment	$215,836
Furniture and fixtures	6,798
Leasehold improvements	1,462
	224,096
Less accumulated depreciation	1,015
	$223,081

(5) Due to Affiliate

As of March 31, 2004, the Company has an amount due to an affiliated entity totaling $337,000. This obligation is unsecured, due upon demand and non-interest bearing.

(6) Commitments

The Company is obligated under non-cancelable operating leases for its office facilities and an apartment used by its employees. Future minimum lease payments under the Company's non-cancelable operating lease as of March 31, 2004 are as follows:

March 31, 2004, property and equipment consist of the following:

Year ending March 31,

2005	$47,446
2006	36,759
2007	9,279

Total rent expense for the period ended March 31, 2004 was $1,569.

(7) Subsequent Event

Effective April 15, 2004, the Company became a wholly-owned subsidiary of VoIP, Inc. ("VoIP") when the Company's stockholder contributed all of the outstanding shares of the Company's common stock to VoIP pursuant to the terms of a stock contribution agreement entered into on May 25, 2004.

TSCHOPP, WHITCOMB & ORR, P.A.
2600 Maitland Center Parkway, Suite 330
Maitland, FL 32751

Independent Auditors' Report

Board of Directors and Stockholder
VoIP Solutions, Inc.

We have audited the accompanying balance sheet of VoIP Solutions, Inc. (a development stage company) as of March 31, 2004 and the related statements of operations, changes in stockholder's equity, and cash flows for the period from February 20, 2004 (date of inception) through March 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of VoIP Solutions, Inc. (a development stage company) as of March 31, 2004, and the results of its operations and its cash flows for the period from February 20, 2004 (date of inception) through March 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

/s/ Tschopp, Whitcomb & Orr, P.A.

June 4, 2004
Maitland, Florida

VOIP SOLUTIONS, INC.
(A Development Stage Company)

Balance Sheet

March 31, 2004

Assets

Current assets:	
Cash	$ --
Accounts receivable	19,510
Inventory	14,469
Other current assets	3,000
Total current assets	$ 36,979

Liabilities and Stockholder's Equity

Current liabilities:	
Due to affiliate (note 3)	$ 31,062
Due to affiliate (note 5)	930
Total current liabilities	31,992
Stockholder's equity (note 4):	
Common stock - no par value 100,000,000 shares authorized 100,000 shares issued and outstanding	--
Retained earnings accumulated during the development stage	4,987
Total stockholder's equity	4,987
Total liabilities and stockholder's equity	$ 36,979

See accompanying notes to financial statements.

VOIP SOLUTIONS, INC.
(A Development Stage Company)

Statement of Operations

Period from February 20, 2004 (date of inception)
through March 31, 2004

Revenues	$ 19,510
Cost of sales	12,031
Gross profit	7,479
General and administrative expenses	1,562
Income before income taxes	5,917
Provision for income taxes	930
Net income	$ 4,987
Earnings per weighted-average share of common stock outstanding, basic and fully diluted	$ 0.50
Weighted-average number of common shares outstanding	$100,000

See accompanying notes to financial statements.

VOIP SOLUTIONS, INC.
(A Development Stage Company)

Statement of Changes in Stockholder's Equity

Period from February 20, 2004 (date of inception)
through March 31, 2004

	Common Stock		Deficit Accumulated During The Development Stage	
	Number of Shares	Amount		Total
Shares issued to founder				

at inception	100,000	$ --	--	--
Net income	--	$ --	4,987	4,987
Balances at March 31, 2004	100,000	$ --	(64,273)	4,987

See accompanying notes to financial statements.

VOIP SOLUTIONS, INC.
(A Development Stage Company)

Statement of Cash Flows

Period from February 20, 2004 (date of inception) through March 31, 2004

Cash flows from operating activities:	$ 4,987
Net income	
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities:	
Accounts receivable	(19,510)
Inventory	(14,469)
Other current assets	(3,000)
Due to affiliate	31,062
Income taxes payable	930
Net cash provided by operating activities	--
Cash at beginning of period	--
Cash at end of period	$ --

See accompanying notes to financial statements.

VOIP SOLUTIONS, INC.
(A Development Stage company)

Notes to Financial Statements

March 31, 2004

(1) Organization and Description of Business

VoIP Solutions, Inc. (the "Company") was incorporated on February 20, 2004 under the laws of the State of Florida. The Company was formed to engage principally in integrating software, hardware and project management services for the internet telephony services industry.

The Company has had minimal operations since inception. Due to the nature of operations, the Company has not generated significant operating revenues and income. Accordingly, the Company is still considered to be in the development stage.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash on hand, in banks, including accounts in book overdraft positions, certificates of deposit and other highly liquid debt instruments with a maturity of three months or less at the date of purchase to be cash and cash equivalents.

Cash overdraft positions may occur from time to time due to the timing of making bank deposits and releasing checks, in accordance with the Company's cash management policies.

(b) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the reserve method based on its assessment of the current status of the individual receivables and after using reasonable collection efforts. As of March 31, 2004, no reserve was recorded for uncollectible amounts.

(c) Inventory

Inventory consists of finished goods and is valued at the lower of cost or market using the first-in, first-out method.

(d) Revenue Recognition

The Company sells it products to the general public through direct sales. Accordingly, the Company recognizes revenue at the point of shipment to its customers. Sales allowances are recorded concurrent with the related sale of product. Sales returns are recorded at the time and point that products are received back from a dissatisfied consumer.

(e) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax asset and liability accounts are the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes. As of March 31, 2004, there were no deferred tax assets or liabilities.

(f) Earnings Per Share

Basic earnings per share is computed by dividing the net income by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method. The calculation of fully diluted earnings per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of March 31, 2004, the Company had no warrants or options outstanding.

(g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Financial Instruments Fair Value, Concentration of Business and Credit Risk

The carrying amount reported in the balance sheet for cash, accounts receivable, and due to affiliate approximates fair value because of the immediate or short-term maturity of these financial statements. Financial statements, which potentially subject the Company to concentrations of credit risk, consist principally of accounts receivable which amount to approximately $20,000 as of March 31, 2004. The Company performs periodic credit evaluations of its trade customers and generally does not require collateral.

(3) Due to Affiliate

As of March 31, 2004, the Company has a net payable to an affiliated entity amounting to $31,062. This obligation is unsecured, due upon demand and non-interest bearing.

(4) Subsequent Event

Effective April 15, 2004, the Company became a wholly-owned subsidiary of VoIP, Inc. ("VoIP") when the Company's stockholder contributed all of the outstanding shares of the Company's common stock to VoIP pursuant to the terms of a stock contribution agreement entered into on May 25, 2004.

PRO FORMA FINANCIAL INFORMATION

Unaudited Pro Forma Financial Statements

The following unaudited pro forma financial statements give effect to the acquisition by VoIP , Inc. of eGlobalPhone, Inc. and VoIP Solutions, Inc., two Florida-based subsidiaries , in a transaction to be accounted for using the purchase method of accounting. The unaudited pro forma balance sheet is based on the historical balance sheets of VoIP, Inc., eGlobalPhone, Inc and VoIP Solutions, Inc. The unaudited pro forma statements of operations are based on the historical statement of operations of VoIP, Inc., eGlobalPhone,Inc. and VoIP Solutions, Inc. and combine the results of operations of VoIP, Inc, eGlobalPhone, Inc. and VoIP Solutions, Inc. for the three months period ended March 31, 2004 as if the acquisition occurred on April 15, 2004.

The unaudited pro forma information is presented for illustrative purposes only.

VoIP,Inc. will account for the acquisition of eGlobalPhone, Inc and VoIP Solutions, Inc. using the purchase method of accounting.

VoIP, Inc.

Unaudited Pro Forma Consolidated Balance Sheet

March 31, 2004

Assets

	VoIP, Inc	eGlobalphone	VoI Soluti
Current assets:			
Cash	$ --	75,438	
Accounts receivable	--	--	19
Due from affiliate (2)	--	31,063	
Inventory	251,767	--	14
Other current assets	8,175	12,980	3
Total current assets	259,942	119,481	36
Property and equipment, net	--	223,081	

Due from eGlobalPhone, Inc (3)	272,727	--	
Investment in Voip Solutions, Inc.(4)	4,987	--	
Other assets	--	2,480	
Total assets	$ 537,656	345,042	36

Liabilities and Stockholder's Equity

Current liabilities:			
Accounts payable	$ 10,308	72,315	
Income taxes payable	--	--	
Due to affiliates	151,166	--	31
Total current liabilities	161,474	72,315	31
Stockholders' equity			
Common stock - $.001 no par value 100,000,000 shares authorized 1,730,939 shares issued and outstanding	--	--	
Common stock - $.001 par value 14,230,939 shares issued and outstand1g	14,231	--	
Additional paid-in capital	1,008,922	272,727	4
Deficit accumulated during the development stage	(646,971)	--	
Total Stockholder's Equity	376,182	272,727	4
Total Liabilities and Stockholder's Equity	$ 537,656	345,042	36

VoIP, Inc.

Unaudited Pro Forma Consolidated Statement of Operations

Three months eneded March 31, 2004

Revenues	$ --	--	19,510
Cost of sales	--	--	12,031
Gross profit	--	--	7,479
General and administrative expenses	22,324	64,273	1,562
(Loss)/Profit before income taxex	(22,324)	(64,273)	5,917

Provision for income taxes (5)	--	--	930
Net loss	$ (22,324)	(64,273)	4,987
Loss per weighted-average share of common stock outstanding, basic and fully diluted	$ (0.01)	--	--
Weighted-average number of common shares outstanding	3,814,272	--	--

Footnotes

1) Historical Financial Results for VoIp, Inc.
2) Adjustment to eliminate advances to affiliated entity.
3) Adjustment to eliminate intercompanies account.
4) Represents the elimination of the investment on VoIP Solution Inc.
5) Represents estimate of taxes for VoIp Solutions, Inc.

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4.
To approve the final dividend for the year ended December 31, 2014 in an amount of $.28 per share, which has previously been paid out to shareholders in the form of interim dividends;

5.
To discharge the sole member of our Management Board from liability in respect of the exercise of its duties during the year ended December 31, 2014;

6.
To discharge the members of our Supervisory Board from liability in respect of the exercise of their duties during the year ended December 31, 2014;

7.
To appoint Ernst & Young LLP as our independent registered public accounting firm, who will audit our accounts for the year ending December 31, 2015;

8.
To approve the extension of the authority of our Management Board, acting with the approval of our Supervisory Board, to repurchase up to 10% of our issued share capital until November 6, 2016 on the open market, through privately negotiated transactions or in one or more self tender offers for a price per share not less than the nominal value of a share and not higher than 110% of the most recent available (as of the time of repurchase) price of a share on any securities exchange where our shares are traded;

9.

To approve the extension of the authority of our Supervisory Board to issue shares and/or grant rights to acquire our shares (including options to subscribe for shares), never to exceed the number of authorized but unissued shares, and to limit or exclude the preemptive rights of shareholders with respect to the issuance of shares and/or the grant of rights to acquire shares, until May 6, 2020;

10.
To approve the Amended and Restated Chicago Bridge & Iron Company Incentive Compensation Program.

Other Agenda Item

To discuss the dividend policy.

Our Dutch statutory annual accounts and the annual report of the Management Board, our Annual Report on Form 10-K, the charters of each of our Audit, Nominating, Organization and Compensation, Corporate Governance and Strategic Initiatives Committees, our Corporate Governance Guidelines and our Code of Ethics can be accessed through our website, www.cbi.com, and, along with directions to attend the Annual Meeting, may be obtained free of charge by request to our principal executive offices at Prinses Beatrixlaan 35, 2595 AK The Hague, The Netherlands, and at our administrative offices c/o CB&I, 2103 Research Forest Drive, The Woodlands, TX 77380-2624, Attn: Investor Relations. Copies of the documents listed above are also available for inspection by shareholders free of charge at our offices in The Hague listed above.

Richard E. Chandler, Jr.
Secretary