TIGER TELEMATICS INC
Form 10-K/A
April 01, 2005

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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2002

Commission file number 001-15977

Tiger Telematics, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	13-4051167
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employee Identification No.)

10201 Centurion Parkway N. Ste. 600 Jacksonville, FL 32256
(Address or principal executive offices) (Zip code)

(904) 279-9240
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.001 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined by Exchange Act Rule 12b-2). Yes [ ] No [X]

Aggregate market value of common stock held by non-affiliates of the registrant as of March 1, 2005 was $1,158,780,000.

Number of shares of common stock outstanding as of March 1, 2005 was 46.5

million.

DOCUMENTS INCORPORATED BY REFERENCE

None

Explanatory Note

Tiger Telematics, Inc. (the "Company") is filing this Amendment No.1 to its Annual Report on Form 10-K for the year ended December 31, 2002 (the "Annual Report") to include updated financial information in certain sections of Part II, the information required under Part III and to include audited financial statements and the notes and schedules thereto in substitution for unaudited financial statements previously included in the Annual Report. Except to the extent of the updated financial information in certain sections of Part II and as required in Part III or in the financial statements or notes thereto, this Amendment No.1 does not reflect events occurring after the filing of the original Annual Report, or modify or update the disclosures therein in any way other than as described above. The Company's financial position and results of operations reflected in the audited financial statements included in this Amendment No.1 are materially different from those reported in the original Annual Report. Total assets increased approximately 44% and net loss declined approximately 19%. The Company's business, capital structure and prospects, however, are significantly different from those reflected in the original Annual Report. For further information concerning these matters see the notes to the financial statement included in this report.

In July 2004, the Company's shareholder's approved a 1 for 25 reverse common stock split. Except as otherwise indicated all share amounts included in this report reflect such reverse split.

2

PART II

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data as of and for the year ended December 31, 2002, 2001 and for the period July 3, 2000, date of inception, through December 31 2000 have been derived from the audited consolidated financial statements of the Company. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this report) and the audited consolidated financial statements and related notes thereto included elsewhere herein.

Year ended December 31, 2002, 2001 and period from July 3, 2000, Date of Inception, through December 31, 2000.

	2002	2001	2000

OPERATING DATA: (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)			
Net Sales	$ 284	$ 0	$ 0
Cost of goods sold	385	0	0
Gross loss	(101)	0	0
General and administrative	5,172	283	0
Selling and marketing	597	0	0
Operating loss	(5,870)	(283)	0
Other income, (expense)	(4,826)	0	3
Interest expense, net	(38)	(146)	(29)
Net loss from continuing operations	$ (10,734)	$ (428)	$ (26)
Net loss from discontinued operations	(353)	(871)	(639)
Net loss	(11,087)	(1,299)	(665)
Basic and diluted net loss per common share	$ (3.9278)	$ (0.5978)	$ (0.3068)
Weighted average shares of outstanding	2,822,876	2,173,099	2,169,467

		December 31,	
	2002	2001	2000
BALANCE SHEET DATA: (IN THOUSANDS)			
Working capital	$ (5,398)	$ (1,394)	$ (899)
Total assets	647	1,299	830
Total liabilities	5,952	2,693	1,495
Stockholders' deficit	5,305	(1,395)	(665)

3

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 23E of the Securities Act of 1934, as amended. These statements relate to future events or future financial performance. Any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "intend", "believe," "estimate," "predict," "potential" or "continue," or the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Company, nor any other person or entity, assumes responsibility for the accuracy and completeness of the forward-looking statements. The Company is under no

obligation to update any of the forward-looking statements after the filing of this Form 10-K to conform such statements to actual results or to changes in the Company's expectations.

The following discussion should be read in conjunction with the Company's financial statements, related notes and the other financial information appearing elsewhere in this Form 10-K. Readers are also urged to carefully review and consider the various disclosures made by the Company, which attempt to advise interested parties of the factors affecting the Company's business.

General

Overview

In May of 2001, the Company completed a reverse shell merger with Media Communications Group, Inc. ("MCGI"). Prior to the acquisition of Floor Decor, Inc. ("Floor Decor"), MCGI was a "public shell" company, with no significant operations or assets. The acquisition of Floor Decor was accounted for as a reverse acquisition. Under a reverse acquisition, Floor Decor is treated for accounting purposes as having acquired MCGI and the historical financial statements of Floor Decor become the historical financial statements of MCGI. Therefore, all references to the historical activities of the Company refer to the historical activities of Floor Decor. Floor Decor changed its name to Tiger Telematics, Inc. on June 6, 2002.

The limited operating history of the Company makes its future results of operations difficult to predict.

Tiger Telematics, Inc. ("Tiger Telematics" or the "Company" previously named Floor Decor, Inc.) is the parent company of three subsidiaries. The first subsidiary, Media Flooring, Inc., operating through its subsidiary Floor Decor LLC, operates a flooring products sales and service business, which represented all of the business operations of the Company during 2001. The Company announced the discontinuation of the flooring segment on June 6, 2002 and sold the assets on August 9, 2002. On February 4, 2002, the Company acquired its second subsidiary, Tiger Telematics LTD, a UK company, which develops and provides

4

telematics products and services to the business-to-business segment in Europe. On June 29, 2002, the Company set up its third subsidiary Tiger Telematics USA, Inc. ("Tiger USA") and it acquired the assets and certain liabilities of Comworxx, Inc. ("Comworxx"), a Sarasota, Florida based entity that was developing telematic products and services to the business to consumer segment in the United States. That business has suspended operations until the Company does further evaluation.

On December 17, 2002, the Company sold Tiger Telematics. Ltd. to a Swedish firm in exchange for a royalty agreement. At the same time, the Company formed Tiger Telematics Europe, Ltd. ("Tiger Europe") to focus on Western Europe customers, marketing principally in England and in developing its new generation of products, developing and launching its child tracking devices.

Flooring - Discontinued Operations.

Floor Decor operated a "big box superstore" in Fort Lauderdale, Florida that offered a wide selection of floor coverings including carpet, area rugs, wood, and laminates at discount prices to both commercial accounts and retail customers. The Company's store is over 40,000 sq. ft. and stocks an extensive product line including over 5,000 area rugs and 1,000,000 sq. ft. of other floor coverings. The assets and certain liabilities of the flooring business were sold

on August 9, 2002 effectively eliminating the flooring segment.

Telematics

On February 4, 2002, the Company acquired Eagle Eye Scandinavia Distribution, LTD, and changed its name to Tiger Telematics Ltd. The consideration paid in this transaction consisted entirely of shares of the Company Common Stock, as was reported in the Company's Current Report on Form 8-K dated February 19, 2002.

Tiger Telematics Ltd. is an early stage company engaged in the development and distribution of telematics products. Telematics products allow the wireless exchange or delivery of communication, information, and other content between a vehicle and its occupant, and external sources or recipients. The telematics industry aggregates the functionality and content of various industries including consumer electronics, cellular and security devices, among others, into a seamless service offering. This business was an exclusive distributor of a telematics product of one manufacturer in Scandinavia. In December 2002, the shares of this business were sold to a Swedish company.

The Company also started another subsidiary in London, England, Tiger Telematics Europe, Ltd., which focused on developing new telematics products, on developing child-tracking devices and on marketing in England and Western Europe primarily to large fleet suppliers such as rental car companies.

On June 25, 2002, the Company created a wholly owned subsidiary Tiger Telematics, USA, Inc. that acquired the assets and certain liabilities of Comworxx as disclosed in the note I to financial statements. That subsidiary is currently in a dormant state after deciding that it cannot launch the products.

A non-cash provision of $1,152,713 was made in December 2002 for the bankruptcy and liquidation of MINIME Inc., the buyer of the assets and Floor Decor LLC for potential contingent liabilities that might arise from that transaction. In

first quarter of 2003, the Tiger Telematics Ltd. corporation was placed in receivership by a certain creditor of the firm. The Company is monitoring this process to determine if any potential liabilities could arise.

Results of Operations

The Company began operations in July of 2000; as a result it had no operating results or balance sheet for 1999 with which to compare its results for 2000. The Company opened its "big box superstore" in Fort Lauderdale, Florida in the fall of 2000. The Company had very limited operations during the period from its inception, July 3, 2000 through December 31, 2000 and reported sales of $298,318.

The Company incurred operating losses in 2000. As of December 31, 2000, the Company had an accumulated deficit of $665,404.

Twelve months-ended December 31, 2001 compared to the twelve months ended December 31, 2000.

The Company had a single small retail store opened for business prior to September 30, 2000 and this store was closed later in the year 2000. This retail store sold products to customers but did not offer installation services for any products sold. All products sold from this location were purchased at a liquidation sale at costs that were lower than market value at the time of purchase resulting in an unusually high gross margin percentage.

Net Sales: As a result of the classification to discontinued operations sales for 2001 and 2000 are zero.

Gross Profits: Similarly, gross profit was zero for 2001 and 2000.

Selling Expenses: Selling expenses for 2001 and 2000 are similarly zero.

General and Administrative Expenses: General and administrative expenses for 2001 were $280,000 as compared to zero due to the reclass to discontinued operations and the start-up of the business in late 2000. The reason for the general and administrative expenses being high are the costs associated with being a public company, primarily fees for accounting, legal, and professional services.

The Company incurred costs during the 4th quarter related to evaluation of several strategic opportunities. The sale of Eagle Eye in first quarter 2002 was a result of this evaluation. Other Expenses: Other expenses for 2001 were $146,000 as compared to $29, for 2002. The increase in other expenses consisted primarily of interest expense on loans to stockholders.

Net Loss from continuing operations: The Company reported a net loss of $428,000 from continuing operations in 2001 compared to a net loss of $26,000 in 2000. Setting up the Company's infrastructure and costs associated with being a public company account for the difference.

Net Loss from discontinued operations: Discontinued operations recorded a net loss of $871,000 in 2001 as compared to a loss of $639,000 in 2000. The operation of flooring segment was discontinued in June 2002.

6

Net Loss: Although the Company reported an operating loss for 2001 of $1,299,000, a substantial portion of the loss consists of expenses incurred in preparation for anticipated growth of the Company. These expenses relate to establishing a public company, pursuing strategic growth opportunities, such as the acquisition of Tiger Telematics completed in February 2002. Similarly the Company's management staff has been sized and has expertise and infrastructure to grow.

Twelve months-ended December 31, 2002 compared to the Twelve months ended December 31, 2001.

Below is a summary of the results of the Company for the twelve months ended December 31, 2002.

Net Sales: The Company's net sales were $283,730 in of 2002. $102,047 of this was shipped in fourth quarter. There are no comparables for the prior year since the telematics unit was not acquired until February 2002. This includes shipments of its telematics products that are not a part of the Company's strategic business model. The Company defers income from connection fees from telecom suppliers until the cancellation period expires on such contracts. This represents deferred income that will be recorded prorated in future quarters. The Company's business model is based on deriving its sales and subsequent income from annual and monthly fees from the telecom providers unlike most of its competitors who derived most of their income from the sale of hardware. The Company did experience some returns of product in the 2nd quarter that were subsequently shipped to other customers in July 2002. Many of these customers were in Scandinavian countries and will not continue in 2003 as the Tiger Telematics, Ltd. business, focused mostly in Scandinavian countries was sold in December 2002. The Company believes that the pricing of its product offering, in

its business model, is less expensive than other competitive offerings.

Gross Loss: Gross loss was $(101,238) for the twelve months of 2002. The telematics products reported a lower than anticipated gross profits as part of the initial strategy used to introduce its new product in the marketplace earlier in 2002. A critical mass of shipments is a key to improving the gross profit margin. This is evident by results for fourth quarter where the gross profit was 44,629 or about 40%. It is anticipated that a higher level of shipments will be reached by the first half of 2003 to further improve the margin. Similarly, with sunken technology development costs, the gross margin can rapidly improve as volumes of shipments increase. Although basic telematics devices are can be built, the accompanying software is much more challenging. The Company has a substantial expertise in this development, which will improve gross profit in future quarters. The Company expended funds in hiring and retaining several new executives and supporting staff with expertise in technology, telematics, wireless and developing products in the telematics space. The Company has expended funds in the development of an improved fleet product scheduled to ship first units now in 2003, as opposed to 2002 as originally expected due to a shortfall in funding during the current quarter. The Company has a substantial expertise in software development, which will improve gross profit in future quarters. The Company has expended funds in the 2002 in the development of an improved fleet product with enhanced features scheduled to ship units in 2003. The delay in finishing the product was caused primarily by serious funding shortfalls during the current quarter. The Company has made an initial investment in a new generation of child tracker products. Funding shortfalls have delayed their competition also. These are scheduled to launch in third quarter of 2003.

7

Selling Expenses: Selling and marketing expenses for the 2002 were $597,188. Most of this cost relates to the establishment of potential customers. The sale of Telematics products is a difficult and often lengthy process. The Company has concentrated its marketing effort recently in the UK to large fleet holders based throughout Europe. The Company enjoys a healthy interest in its products but still lacks funding for working capital and has experienced some problems at the manufacturer of the base units on delivery. The Company's Scandinavian order book was a part of the sale of the Tiger Telematics Ltd. business in December 2002. The Company has expended funds in arranging strategic partnerships with wireless telecom providers in order to implement its recurring revenue business model. However, as the operations of the Company' telematic products are shipping, advertising expense and overall selling expenses as a percentage of sales is anticipated to decrease.

General and Administrative Expenses: General and administrative expenses for the twelve months ended December 31, 2002 were $5,171,731. $2,181,747 of this related to writedowns of intangible assets related to Tiger Telematics Ltd. and its sale in December 2002. A significant reason for this increase is the costs associated with being a public company, primarily fees for accounting, legal, professional and consulting services. These fees were approximately $1,063,820 in the twelve months of 2002 including $180,000 of expenses was incurred in the costs of an aborted financing effort with Jefferies and Co, Inc. that was not successful. The Company also incurred costs during 2002 related to the evaluation of several strategic opportunities. The purchase of Tiger Telematics, Ltd. and the Comworxx, Inc.'s assets are two of the results of this evaluation.

In addition, the development of Tiger Telematics Ltd. (now sold) and Tiger Telematics Europe Ltd. also contributed to the increase in the general and administrative expenses of the Company. Expenditures were made to configure the TT7000 product to obtain the coveted Thatcham Q class rating for the product. This rating may allow insurance companies to provide a discount in costs to

users of the Company's telematics devices. Some costs related to the development of the infrastructure for the telematics business including product development, engineering, training of installers, and other administrative efforts to facilitate anticipated sales. In addition, several companies are now conducting trials of the product in Europe that costs the Company currently but may result in the shipment of devices for entire fleets of the customers currently in the trial stage. Expenditures have been made in developing several new products including Child Tracker devices. Tiger Telematics, Inc. anticipates a decrease in its general and administrative expenses in future periods with the sale Tiger Telematics Ltd. In order to reduce expenditures the Company has downsized and relocated its corporate office in the U.S. and in England to smaller less expensive facilities. The Company also incurred costs during the third quarter of 2002 related to the evaluation and the attempted but failed integration of the purchase of Comworxx's assets. As discussed in note I to the Consolidated Financial Statements, the Company wrote down the remaining assets acquired from Comworxx.

Other Expenses: Other expenses for the twelve months of 2002 were approximately $5,350,000 as compared to $145,600 in 2001. $4,884,733 of the amount relates to the non-cash write-down of the impaired goodwill and other intangibles from acquisitions, principally the assets of Comworxx. The Company took a write-down in third quarter of the intangible order book asset of $1,000,000 to reflect the potential loss of orders from the delay in shipping product since the original acquisition of the product and the impact of the new recurring revenue model on the accounting for intangible assets. A subsequent write-down in forth quarter of $2,103,830 relates to the loss on sale of Tiger Telematics Ltd. where the intangible assets carried on the Company's balance sheet of the order book and

Scandinavian distribution agreement were written off with the sale of the unit. Other expenses consisted of interest expense on loans of $37,712 and a currency transaction loss of $189,724. The currency transaction adjustment accounted for virtually all of the change in this category and is due to the drop in the dollar currency relative to the sterling since the acquisition of Tiger Telematics Ltd. in February 2002 and the impact of the sale of Tiger Telematics Ltd. in December 2002. Interest in 2002 of $37,712 is $107,888 or 74% less than in 2001. This reflects the lower interest charged on shareholder debt as it was mostly converted into equity in 2002, $77,000 in interest bearing notes remained on the balance sheet as of December 31, 2002

Net Loss from continuing operations: The Company reported an operating loss of $10,734,317. $4,884,733 of the loss is the non-cash write down of the impaired goodwill and other intangibles, principally from of the assets of Comworxx acquisition. $669,000 is the provision for the non-cash write-down of the remaining assets from the assets of Comworxx acquisition. A $1,000,000 loss was taken in third quarter to write-down the order book related to Tiger Telematics Ltd. to realized value in light of the shipping problems created by the lack of working capital. Additionally, $2,103,830 relates to the write-down of intangible assets of remaining value of order book and distribution agreement with the sale of Tiger Telematics Ltd. $1,152,713 reflected a provision for potential liabilities related to the April 2003 bankruptcy and subsequent liquidation of the buyer of Floor Decor LLC and its assets. The Company's management staff has been right sized and has expertise and infrastructure to grow the Company rapidly. Management considers these costs as an investment in setting the Company in a position to grow rapidly in the near future. Management believes the costs will be lower as a percentage of sales in 2003 since sales growth is expected to exceed increases in operating expenses.

Net Loss from discontinued operations: The Company reported a loss from discontinued operations of $353,430. On August 9, 2002, the Company sold the

assets of the flooring segment effectively eliminating that segment going forward from that date. Included in the number is the actual impact of the sale including a gain on sale.

Net Loss: The Company incurred a total loss of $11,087,747 for the twelve months of 2002. $4,884,733 was the non-cash loss from the write down of impaired goodwill, principally related to the acquisition of the assets of Comworxx and a related $407,000 write-down of the remaining assets from the Comworxx purchase. $2,103,830 was the write down of the order book and distribution agreement as a part of the loss on the sale of Tiger Telematics Ltd. in December 2002. $1,152,713 reflected a non-cash provision for the potential contingent liabilities related to the bankruptcy and subsequent liquidation of the buyer of Floor Decor LLC and its assets, which occurred in April 2003. The Company anticipates that future net losses per quarter will be lower as shipments get made in future quarters for revenue to offset the costs associated with the operation.

Liquidity and Capital Resources

In 2000 the Company funded its operating losses and start-up costs principally with loans from shareholders or other parties. Without such funding the Company would not have been able to sustain its operations.

In the twelve months ended December 31, 2001, the Company's working capital decreased by $919,000. This decrease all in discontinued operations was the result of increases in current assets, consisting of increases in accounts

receivable of $36,000, inventory of $183,000, and prepaid expenses and other current assets of $13,000, offset by increases in current liabilities, consisting of increases in accounts payable of $544,000, accrued expenses and other current liabilities of $112,000, and customer deposits/deferred revenue of $70,000. Also, in the twelve months ended December 31, 2001 the amounts due stockholders decreased by $348,000 and the Company received $629,000 in notes from other stockholders. The Company also raised $574,200 from the first portion of a private placement of common stock and warrants.

The Company in 2001 had no bank loans to draw upon. Instead, the Company has obtained loans from stockholders and from private placements of shares as described in this report and via private placements of shares.

The Company incurred net losses in 2000, in 2001 and in 2002 of $665,000, $1,299,000 and $11,087,747 respectively. These operating losses caused cash flow from operations to be ($956,000) and ($713,000) and in the period from July 3, 2000 (inception date) through December 31, 2000 and for the twelve months ended December 31, 2001, respectively. Since the Company was not able to generate positive net cash flows from operations, additional capital was needed. This capital has been provided by certain principal stockholders, who have funded the Company through loans as needed. - Refer to note J in the accompanying financial statements.

In the fourth quarter of 2001, the Company also borrowed approximately $130,000 from Banyan Capital Partners Ltd. In December 2001, the Company initiated a private placement and raised $574,200 of equity. An additional $1.8 million of equity (including the conversions of $923,000 of certain debt owed to stockholders) was raised during January through March 2002. Banyan Capital Partners Ltd. assisted the Company in this process. This $2.4 million equity funding was used to provide liquidity to Tiger Telematics, extend the closing date of the Hamway Flooring transaction (now expired), and to fund operating losses and negative cash flows including the expenses of operating a public

reporting company.

In the twelve months ended December 31, 2002, the Company's working capital deteriorated further. This was the result of decreases in current assets, consisting of increases in accounts receivable of $116,648, inventory of $163,489, and an increase in prepaid expenses and other current assets of $129,204, and a decrease in assets of discontinued operations totaling $1,278,443, offset by increases in current liabilities, consisting of increases in accounts payable of $1,450,998, accrued expenses of $1,961,644, an increase in notes payable of $199,565 and an increase in amounts due stockholders of $204,014. Liabilities of discontinued operations also decreased by $735,408. The increase in payable relates in part to Tiger USA, and reflects liabilities assumed in the purchase agreement. These liabilities are of the subsidiary Tiger USA and may not be the obligations of Tiger Telematics, Inc. As discussed in Note I and Note K, the Company has hired legal counsel to analyze and advise as to potential liabilities arising from the purchase of the assets of Comworxx and associated causes of actions against the seller and its shareholders. The increase in accrued expenses represents a provision made for contingent liabilities related to the bankruptcy of the buyer of the assets of the flooring segment. Also, in the twelve months ended December 31, 2002 the amounts due

stockholders reduced as a result of the debt conversions of certain stock holders to equity offset by continued loans from stockholders. The Company also raised $877,000 net of advisory fees, from the final portion of a private placement of common stock and warrants during first quarter 2002.

The Company does not have any bank loans or lending facilities. The Company has obtained loans from stockholders and raised additional financing through private placements of shares of common stock. On August 9, 2002, the Company sold the assets of the flooring division including this inventory, which will improve liquidity requirements during the balance of 2002. The Company continued to issue shares of common stock in early 4th quarter to retire certain obligations due for payment.

The Company incurred net losses in 2001 and in 2002 of $1,299,080 and $11,087,747 respectively. Since the Company was not able to generate positive net cash flows from operations, additional capital was needed. This capital has been provided by certain principal stockholders, who have funded the Company through loans as needed, and from the sale of common stock and warrants through private placement transactions.

In December 2001, the Company initiated a private placement of common stock and warrants and raised $574,200 of equity. An additional $1.8 million of equity (including the debt to equity conversions of $923,000 of certain stockholders) was raised during January through March 2002. This $2.4 million equity funding net of expenses was used to provide liquidity to Tiger Telematics and to fund operating losses and negative cash flows including the expenses of operating a public reporting company. In February and March 2002, the Company obtained approximately $290,000 from stockholders of interest free advances and promissory notes due upon demand to fund operations of Tiger Telematics Ltd. In second quarter 2002, the Company sustained operations by obtaining loans from stockholders. In October 2002, certain stockholders converted $455,176 of debt into Company Common Stock, which reduced debt and improved liquidity in the balance sheet. The Company anticipates further cash assistance in the form of loans from its stockholders to assist in liquidity while the Company raises additional capital although no assurances can be given that they will be able or willing to continue such support. The sale of the assets of the flooring segment on August 9, 2002 helped liquidity as liabilities assumed were less than assets sold and the Company is no longer required to fund the operating losses and

working capital needs of that flooring segment going forward.

The Company is evaluating the business of its acquired assets of Comworxx (acquired on June 25, by the wholly owned subsidiary Tiger USA). Based on a post acquisition evaluation of the assets and market position of Tiger USA, the Company determined that the goodwill from the acquisition was impaired wrote it down in full. The Company retained legal counsel to review its options under the purchase agreement that acquired these assets. The Company is in discussions with the shareholders of the seller for modification of the terms of the purchase agreement due in part to potential misrepresentation in the purchase agreement that Comworxx was a viable business. Unless new arrangements can be negotiated the Company has several available options including but not limited to litigation. Given the high relative cost of the product relative to the projected sales price available for such products in the U.S. consumer marketplace, the Company has decided not to launch the product. The Company closed the operations of Tiger USA and may sell the assets or attempt to rescind the original purchase agreement.

The Company's $3 million in secured financing did not materialize. In the fourth quarter of 2002, the Company executed a subscription agreement with a company to sell 7,500,000 shares Common Stock of the Company for $0.20 a share to generate $1,500,000. The investor did not close the transaction reportedly due to the Company's declining stock price. The Company's effort to raise additional equity financing for working capital through an arrangement with Jefferies and Company

11

was aborted and was not successful, the Company will continue to seek to raise additional money and equity through various alternate strategies. However, there can be no assurance this additional capital or other form of financing will be available, or if available on terms reasonably acceptable to the Company.

The Company anticipates that it will not be able to meet its capital needs for the next twelve months without further equity financing but no assurances can be given that this will occur. The Company has discontinued and sold its flooring operations, sold its Tiger Telematics Ltd. business to in part reduce debt, conserve working capital and to reduce costs going forward to run the remaining business. Despite incurring a non-cash loss on the sale, the Company sold Tiger Telematics Ltd. in order to reduce its debt and to focus on the limited resources available on a more narrowly focused market in England. The Company believes that the sale was necessary to ensure the continued survival of the remaining operations. The Company has shrunk its operations and may need to further shrink its operations to sustain its remaining operations. As the Company continues to experience negative operating results in 2003, the Company's liquidity will remain strained.

There can be no assurance that additional capital beyond the amounts forecasted by the Company will be available on terms acceptable to the Company, if at all, at such time or times as required by the Company.

Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations transacted after June 30, 2001. SFAS No. 141 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. The Company will utilize SFAS No. 141 to account for business acquisitions completed in 2002 (see Notes I and J to the financial statements).

In June 2001, the FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets," which eliminates amortization of goodwill and intangible assets that have indefinite useful lives and requires annual tests of impairment of those assets. The provisions of SFAS No. 142 are required to be applied starting in 2002, and will also be utilized for future business acquisitions.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from acquisition, construction, development and/or normal use of assets. The Company also records a corresponding asset, which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on January 1, 2003. The Company is currently evaluating the timing of adoption and the effect that implementation of the new standard may have on its results of operations and financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs of sale. The Company was required to adopt SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 is not expected to materially impact the Company's results of operations and financial position.

Forward-Looking Statements

This report contains forward-looking statements that are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Statements as to what the Company "believes," "intends," "expects," or "anticipates" and other similar anticipatory expressions, are generally forward-looking and are made only as of the date of this report. Additionally, the report is subject to risks and uncertainties, which could cause actual results to differ materially from those discussed in the forward-looking statements and from historical results of operations. Among the risks and uncertainties which could cause such a difference are the assumptions upon which the Company bases its assessments of its future working capital and capital expenditure requirements and those relating to the Company's ability to satisfy its working capital needs and to finance it's anticipated capital expenditures, which could prove to be different than expected, the Company's reliance on outside sources of equity capital to continue to fund its operations, the Company's reliance upon suppliers for the purchase of finished products which are then resold by it, the level of demand for the Company's products among existing and potential new customers, the Company's ability to successfully manage and integrate the business and operations of newly acquired entities, the Company's dependence upon certain key personnel and its ability to successfully

integrate new management personnel into the Company, the Company's ability to accurately predict the number and type of employees required to conduct its European operations and the compensation required to be paid to such personnel, its ability to manage its growth, the risk of economic and market factors affecting the Company or its customers and other risks and uncertainties described elsewhere herein.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information on the directors of the Company as of March 1, 2005 is provided below. All executive officers of the Company are also directors of the Company whose terms expire May 30, 2006.

Michael Carrender
Director since 2002

Mr. Carrender, age 51, has been the Chief Executive Officer and Chief Financial Officer of the Company since August 2003 and was previously Executive Vice President and Chief Financial Officer of the Company since February 2002. Mr. Carrender served as President and Chief Executive Officer of Crowe Rope, a unit of JPBE, Inc., a manufacturer of cordage products, from January 1999 until he joined the Company in February 2002. He was an independent consultant for various companies prior to joining Crowe. He was Vice President and General Manager of Mail Well Inc., a New York Stock Exchange printing Company, from 1997 to 1998. Before he became a consultant, he was with Consolidated Packaging, a publicly traded multi-plant paper converting company, for seventeen years during which he held positions of Treasurer (1979-1983), Chief Financial Officer (1984-1989), Chief Operating Officer (1988-1989), and President and Chief Executive Officer (1989-1996). Mr. Carrender holds a BA and an MBA in Finance.

Carl Freer
Director since August 2004

Mr. Freer, age 34, has served as Chairman since August 2004 and has been Managing director of the Company's Gizmondo Europe Ltd. subsidiary based in the UK since summer of 2003. He was the founder in 1999 of Eagle Eye Scandinavian Ltd. that was acquired by the Company in February 2002. He founded and served as Sales Director of ARE Media AB, a private media sales company in Stockholm, a Director of Performance Films SA, a film production company in Malaga, Spain and a Director of Rivera Auto Forum, a specialty auto dealership in Cannes, France. He was a co-founder of software company Vxtreme that pioneered the highly successful video compression lab technique. Mr. Freer is a director of WEG Entertainment and a trustee of several charities, including Kings Medical Research Trust.

Steve Carroll
Director since August 2004

Mr. Carroll, age 47, has served as Chief Technology Officer and as a Director

since August 2004. He has also been the Chief Technology Director of the Company's Gizmondo Europe Ltd., since its inception in December 2002. He has been with the Company or its subsidiaries since September 2002. He was formerly Director of Maxon, a Korean high volume telecommunications equipment manufacturer from 1996 to 2002. He was previously employed at Marconi/MOD/GEC, telecommunications equipment manufacturers in various positions from 1981 to 1996. He has a Masters Degree MSc from Cambridge in the UK.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors and executive officers, and persons who own more than 10% of the outstanding shares of the Company's common stock, to file initial reports of beneficial ownership and reports of changes in beneficial ownership of shares of common stock with the Securities and Exchange Commission (the "Commission"). Such persons are required by regulations promulgated under the Exchange Act to furnish the Company with copies of all Section 16(a) forms filed with the Commission.

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company during the year ended December 31, 2002, and upon a review of Forms 5 and amendments thereto furnished to the Company with respect to the year ended December 31, 2002, or upon written representations received by the Company from certain reporting persons that such persons were not required to file Forms 5, the Company believes that no director, executive officer or holder of more than 10% of the outstanding shares of common stock failed to file on a timely basis the reports required by Section 16(a) of the Exchange Act during, or with respect to, the year ended December 31, 2002.

Code of Ethics

As of the date of this filing, the Company has adopted a code of ethics that applies to the Company's executive officers.

Audit Committee Financial Expert

The Company's board of directors has determined that the Company did not have an audit committee financial expert serving on its audit committee during the time period covered by this filing. The Company did not have an audit financial expert serving on its audit committee because it was not a requirement for the time period covered by this filing.

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation

The following table provides information on the total compensation paid or accrued during the fiscal years indicated below to the Company's chief executive officer. The table also lists the former chief executive officer of the Company who would have been included had he remained an executive officer of the Company at December 31, 2001 and a former Chief Executive Officer who resigned as CEO on June 28, 2002 and resigned as a Director in August 2002.

Summary Compensation Table
Annual Compensation (1)

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	Securities Restricted Stock Awards	Underlying Options/Shares
Michael W. Carrender	2002	$78,565 (2)	$0			144,000 (3)
Chief Executive Officer	2001	$0	$0			0
A. J. Nassar	2002	$50,000	$0			0
Former Chief Executive Officer and Chairman of the Board until July 2003	2001	$37,266 (4)	$0			0
Jonathan Landers (5)	2002	$0	$0			0
Former President and Chief Executive Officer	2001	$0	$0			0

(1) No officer received perquisites in an amount greater than the lesser of (a) $50,000 or (b) 10% of such officer's total salary plus bonus.

(2) Mr. Carrender joined the Company in February 2002. Represents salary earned by Mr. Carrender, $38,008.12, which was accrued and unpaid as of December 31, 2002.

(3) 144,000 shares granted in August 2002 at market price on date of issuance and vest per schedule below.

(4) Represents salary earned by Mr. Nassar from May 22, 2001 through December 31, 2001, $35,343 of which was accrued and unpaid as of December 31, 2001. The salary level at the time of resignation was at $100,000 per annum. Mr. Nassar resigned as CEO on June 28, 2002.

(5) Mr. Landers resigned as President and Chief Executive Officer on May 22,2001.

Option Grants

As of December 31, 2001, there were no stock options granted pursuant to the Company's stock option plan. Options were granted in 2002. The following table sets forth certain information concerning options granted during the year ended December 31, 2002 to the individuals listed in the Summary Compensation Table pursuant to the Company's 2001 Stock Option Plan (the "2001 Plan").

Option Grants in Last Fiscal Year

Individual grants

Name	Number of securities underlying option/shares Granted	Percent of total options/ shares granted to employees in fiscal year	Exercise of base price ($/Sh)	Expiration Date	Potential realizable va assumed annual rates of price appreciation for opt term	
					5%	1
Michael W. Carrender	144,000(1)	100.00%	$1.50	8/17/12	$552,960	$1,00

(1) Options issued on August 17, 2002, pursuant to the 2001 Plan which vested as follows: 36,000 upon issue, 36,000 in February 2003, 36,000 in February 2004, and 36,000 in February 2005.

The following table sets forth certain information concerning the exercise of options and the value of unexercised options held under the 2001 Plan and outside of the 2001 Plan at December 31, 2002, by the individuals listed in the Summary Compensation Table.

Aggregated Option Exercises In Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise	Value Realized($)(1)	Number of Securities Underlying Unexercised Options/Shares Fiscal Year-End(%)Exercisable/ Unexercisable	Value of unexercised In-the-Money Options Shares Fiscal Year-End($) Acquired Exercisable / Unexercisable
Michael W. Carrender	-0-	-0-	36,000/108,000	$19,080/$57,240

(1) Represents the difference between the last reported sale price of the common stock on December 31, 2002 ($2.03) and the per share exercise price of the options at $1.50 multiplied by the number of options exercised.

(2) Represents the difference between the exercise price and the closing price on December 31, 2002, multiplied by the number of securities.

Compensation of Directors

The directors of the Company are not compensated for serving as members of the Company's Board of Directors.

Stock Option Plan

The Company adopted its stock option plan (the "2001 Plan") on July 31, 2001.

The stock incentive plan provides for the granting of incentive stock related awards to officers, employees and other individuals so that the Company will be able to attract and retain the services of highly qualified individuals. The essential features of the 2001 Plan are set forth below.

Shares Authorized for Grant. Subject to the anti-dilution provisions discussed below, there are 8,000,000 shares of common stock reserved for issuance upon the exercise of options (now 320,000 following the 25 for 1 reverse split of July 30, 2004). Such shares may be authorized, but unissued shares of common stock, or reacquired shares. Shares subject to options granted under the 2001 Plan that have lapsed or terminated may again be subject to options under the 2001 Plan. No options to purchase shares of common stock have been granted under the 2001 Plan as of December 31, 2001 but 144,000 were granted in 2002 as shown below.

Administration of the 2001 Plan. The 2001 Plan is administered by the Board of Directors or by a committee consisting of two (2) or more outside directors who are appointed by the Board (the "Committee"). Subject to the express provisions of the 2001 Plan, the Board or such Committee has the authority to interpret the 2001 Plan, to prescribe, amend and rescind rules and regulations relating to the 2001 Plan, to determine the terms and provisions of option agreements and to

make all other determinations necessary or advisable for the administration of the 2001 Plan. Any controversy or claim arising out of or related to the 2001 Plan, or the options granted thereunder, is determined unilaterally by, and at the sole discretion of, the Committee.

Option Grants to Eligible Individuals. All employees and other individuals who provide services to the Company are eligible to receive options under the 2001 Plan. Employees are eligible to receive either "incentive" stock options, subject to the limitations of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or "non-statutory" stock options. The 2001 Plan confers discretion on the Committee to select employees or other individuals that the Committee determines to receive options, to determine the number of shares subject to each option, the term of each option and the exercise price of the options granted, except that the exercise price may not be less than 100% of the fair market value of the underlying common stock for an incentive stock option as of the date of grant. In addition, the exercise price may not be less than 110% of the fair market value of the common stock for an incentive stock option granted to a person who owns more than 10% of the total combined voting power or value of all classes of stock of the Company. No option may have a term in excess of ten (10) years from the date of grant.

The Committee has the authority to determine the vesting requirements and the permissible methods of payment of the exercise price. The Committee may also make such other provisions in the options, consistent with the terms of the 2001 Plan, as it may deem desirable. Options granted under the 2001 Plan are not exercisable until six (6) months after grant.

To the extent that such an option is an incentive stock option, upon termination

of an optionee's employment with the Company for any reason, such optionee's options shall immediately terminate, except that upon termination, the Committee in its discretion may allow the optionee to exercise any vested options owned by the optionee within ninety (90) days after termination. In no event are options exercisable beyond their stated term.

Change in Control. All options granted under the 2001 Plan become fully vested and immediately exercisable upon the occurrence of a "Change of Control." The 2001 Plan defines Change of Control to mean the occurrence of any of the following: (i) the acquisition (other than from the Company directly) by any "person" group or entity within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) of beneficial ownership of thirty-five (35%) percent or more of the outstanding common stock of the Company; (ii) if the individuals who serve on the Board as of the date of stockholder approval of the 2001 Plan, no longer constitute a majority of the members of the Board of Directors; provided, however, any person who becomes a director subsequent to such date, who was elected to fill a vacancy by a majority of the directors then serving on the Board of directors shall be considered a member prior to such date; (iii) the stockholders of the Company approve a merger reorganization or consolidation of the Company whereby the stockholders of the Company immediately prior to such approval do not, immediately after consummation of such reorganization, merger or consolidation, own more than 50% of the voting stock of the surviving entity; or (iv) a liquidation or dissolution of the Company, or the sale of all or substantially all of the Company's assets.

Nontransferability of Options. Options granted under the 2001 Plan are not transferable other than by will or the laws of descent and distribution, and may be exercised during the optionee's lifetime only by the optionee. Upon such

optionee's death, the beneficiary of the optionee's estate shall have the lesser of (a) the remaining term of such option or (b) one year for the optionee's death within which to exercise such options.

Anti-dilution Provisions. In the event of a change, such as a stock split or stock dividend, in the Company's capitalization, which results in a change in the number of outstanding shares of common stock, without receipt of consideration, an appropriate adjustment will be made in the exercise price of, and the number of shares subject to, all outstanding options. An appropriate adjustment will also be made in the total number of shares authorized for issuance under the 2001 Plan.

Dissolution or Liquidation. Upon the dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation of the Company with one (1) or more corporations as a result of which the Company is not the surviving corporation, or upon a sale of substantially all the property or more than fifty (50%) percent of the then outstanding shares of common stock of the Company to another corporation, the Company shall either: (a) provide for the assumption by the successor corporation of the options theretofore granted or the substitution by such corporation for such options of new options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; or (b) give to each optionee at the time of adoption of the plan of liquidation, dissolution, merger or sale, notice of the adoption of the plan of liquidation, merger or sale (i) a reasonable time thereafter within which to exercise all such options owned by such individuals prior to the effective date of such liquidation, dissolution, merger or sale; or (ii) the right to exercise the option as to an equivalent number of shares of common stock of the successor corporation by reason of such liquidation, dissolution, merger, consolidation or reorganization.

Tax Consequences to Grantees. Under present tax law, the Federal income tax treatment of options granted under the 2001 Plan is as generally described below.

Incentive Stock Options. With respect to options which qualify as incentive stock options, an optionee will not recognize income for federal income tax purposes at the time options are granted or exercised. If the optionee disposes of shares of common stock acquired upon exercise of the options before the expiration of two years from the date the options are granted, or within one year after the issuance of shares upon exercise of the options, the optionee will recognize, in the year of disposition (a) ordinary income, to the extent that the lesser of either (i) the fair market value of the shares on the date of option exercise or (ii) the amount realized on disposition, exceeds the option price; and (b) capital gain (or loss), to the extent that the amount realized on disposition differs from the fair market value of the shares on the date of option exercise. If the shares are sold after expiration of these holding periods, the optionee will realize capital gain or loss (assuming the shares are held as capital assets) equal to the difference between the amount realized on disposition and the option price.

Non-Qualified Stock Options. Non-qualified stock options are all options, which do not qualify for incentive stock option treatment under Section 422 of the Code. If a non-qualified stock option has a readily ascertainable fair market value at the time of grant, the optionee realizes ordinary income either (a) when his rights in the option becomes transferable; or (b) when the right to an option is not subject to a substantial risk of forfeiture. Ordinary income will be equal to the fair market value of the option less any amount paid by the optionee. If the option does not have an ascertainable fair market value at the time of grant, income is realized at the time the option is exercised. Such

19

income would be the positive difference between the fair market value of the common stock received at the time of exercise and the exercise price paid. Upon the sale of the common stock received upon exercise, the difference between the sale price and the fair market value on the date of exercise will be treated as capital gain or loss.

Tax Consequences to the Company. The Company will be entitled to a deduction for federal income tax purposes at the same time and in the same amount as an optionee is required to recognize ordinary income as described above. To the extent an optionee realizes capital gains as described above, the Company will not be entitled to any deduction for Federal income tax purposes.

Accounting Considerations. Currently, there is no charge to the Company's operations in connection with the grant or exercise of an option under the 2001 Plan, unless the fair market value of the shares at the date of grant exceeds the exercise price of the option, in which case there will be a charge to operations in the amount of such excess. Earnings per share may be affected by the 2001 Plan by the effect on the calculation, as prescribed under generally accepted accounting principles, of the number of outstanding shares of common stock of the Company. This calculation reflects the potential dilutive effect, using the treasury stock method, of outstanding stock options anticipated to be exercised even though shares have not yet been issued upon exercise of these options. When shares are actually issued as a result of the exercise of stock options, additional dilution of earnings per share may result.

Reload Options. The 2001 Plan provides for the automatic grant of reload options to an optionee who would pay all, or part of, an option exercise price by the delivery of shares of common stock already owned by such optionee. Reload options would be granted for each share so tendered. The exercise price of such

reload option is the fair market value of the common stock on the date the original option is exercised. All other terms of the reload options are identical to the terms of the original option.

Employment Contracts and Termination and Change-In-Control Arrangements

As of December 31, 2002, the Company has not entered into any employment, termination or change-in-control agreement with any of its executive officers. Mr. Carrender's employment agreement requires a salary increase in February 2003 to $200,000.

In 2002, the obligations under the employment contract of then President and COO Robert Francis were settled in November 2002 in an agreement whereby the Company issued 1 million (pre reverse split) shares of its common stock in full satisfaction of all obligations.

Compensation Committee Interlocks and Insider Participation

No executive officer of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee. The individuals who served as members of the Compensation, Stock Option and Benefits Committee during the year ended December 31, 2002 were Paul Renn and Frank Habib.

20

Shareholder Return Performance

This graph compares the Company's total stockholder returns and the Standard and Poor's 500 Composite Stock Index. The graph assumes $100 invested at the per share closing price of the common stock of the Company on the other over the counter market from December 31, 2001 forward. Prior to the reverse merger in May 2001, there was no established public trading market for the Company's stock.

	12/31/2001	12/31/2002
TGTL	100.00	63.13
S&P 500	173.12	130.53

Comparison of initial $100 investment in the Standard and Poor's 500 Composite Stock Index versus the common stock of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information with respect to the beneficial ownership of the Company's common stock as of March 1, 2005 for (a) the chief executive officer, (b) each of the Company's directors, (c) all of the Company's current directors and executive officers as a group and (d) each stockholder known by us to own beneficially more than 5% of the Company's common stock. Beneficial ownership is determined in accordance with the rules of the

Commission and includes voting or investment power with respect to the securities.

Shares of common stock that may be acquired by an individual or group within 60 days of March 1, 2005, pursuant to the exercise of options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, the Company believes that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by such stockholders. Percentage of ownership is based on 46.5 million shares of common stock outstanding on March 1, 2005.

	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Directors and Executive Officers:	Michael W. Carrender (1)	1,924,036	4.0%
	Carl Freer (2)	2,729,500	6.0%
	Steve Carroll (3)	565,000	*
All directors and executive officers as a group (3 persons)		5,218,536	11.0%

* Less than one percent (1%).

(1) Includes 144,000 shares of common stock issuable upon exercise of incentive stock options, shares held jointly with spouse and shares held individually. The address of Mr. Carrender is 10201 Centurion Parkway N. Suite 600 Jacksonville, FL 32256.

(2) Includes shares held by spouse and in the names of three dependent children. The address of Mr. Freer is One Meadow Gate Park, Farnborough Business Park, Farnborough, Hampshire, UK GU14 6FG.

(3) Mr. Carroll's address is One Meadow Gate Park, Farnborough Business Park, Farnborough, Hampshire, UK GU14 6FG.

EQUITY COMPENSATION PLAN INFORMATION

The following table reflects the number of shares of the Company's common stock that, as of March 1, 2005, were outstanding and available for issuance under equity compensation plans that have previously been approved by the Company's stockholders. The Company has no equity compensation plans that have not been approved by stockholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Sec Available for Under Equity (Excluding Secur Previously Is
Equity Compensation Plans Approved by Security Holders (1)	144,000	$1.50	216,000
Equity Compensation Plans not Approved by Security Holders	0	0	0
Total	144,000	$1.50	216,000

(1) Consists of options issuable under the 2001 Plan to purchase a total of 144,000 shares issued to Mr. Carrender in August 2002.

22

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company had a 10% demand note payable to Alvin J. Nassar, its former Chairman and Chief Executive Officer, in the amount of $852,789 and $841,064 as of December 31, 2001 and 2000, respectively. Interest expense related to this note amounted to $86,337 and $19,499 for the periods ended December 31, 2001 and 2000, respectively. Also, as of December 31, 2001 and 2000, the Company owed a total of $180,382 to Mr. Nassar on a non-interest bearing demand note. The amount of $554,500 of this debt was converted to equity subsequent to December 31, 2001 for a total of 1,386,250 (pre reverse split) shares of common stock and warrants exercisable for 1,250,000 (pre reverse split) of common stock at a price of $.75. The warrants expired in December 2003 and were not exercised. In the fourth quarter of 2002, the Company issued 182,070 (pre reverse split) shares to two shareholders, Mr. Nassar and Mr. Ed Kinney, the Company's President until May 2002, to convert $455,761 of debt to equity at $2.50 per share. No warrants were issued in this transaction.

Prior to the merger in 2001, Mr. Nassar the Company's former Chief Executive Officer and Director purchased shares of common stock of Floor Decor for $448.88 (including $270.00 from the Alvin Nassar Family Limited Partnership). Upon the merger of such company into the Company he received 15,415,000 pre reverse split shares of common stock, 5,915,000 (pre reverse split) of which were issued to the Alvin Nassar Family Limited Partnership.

In 2002, the obligations under the employment contract of then President and COO Robert Francis was settled in November 2002 in an agreement whereby the Company issued 1 million (pre reverse split) shares of its common stock in full satisfaction of all obligations.

As of December 31, 2002 the Company owed Michael W. Carrender $38,008.12 in salary and $12,000 in reimbursable expenses. As of December 31, 2003 the Company owed Mr. Carrender $136,570.98 in accrued salary.

During the fourth quarter of 2003, the Company converted $1,400,000 of debt to Carl Freer, a stockholder of the Company and an officer of a subsidiary of the Company, to 2,800,000 shares of common stock at the rate of $.50 per share, the market price of the common stock as of the date that the agreements were entered into. Mr. Freer later became a director and Chairman of Board of the Company. In addition, during the fourth quarter the Company converted $226,730 of debt owed to a shareholder into 453,460 shares of common stock valued at $.50 per share and issued 800,000 shares to such shareholder for services rendered to the Company. That person became affiliated with the Company in April 2004 as a Head of Investor Relations in an agreement unrelated to the above transactions.

In January 2004, prior to becoming a director, the Company issued 200,000 shares of common stock to Steve Carroll as a performance bonus. In October 2004, the Company issued an additional 200,000 shares of common stock to Mr. Carroll as a performance bonus for completing the Gizmondo.

For additional information regarding related party transactions, see Note J to the Company's financial statements.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

For the fiscal years ended December 31, 2002 and 2001, the fees were $75,000 and $60,778 respectively, for professional services rendered for the audit of the Company's financial statements. There was a change of the Company's auditors in November 2002.

Audit Related Services

The Company was billed $60,000 and $32,782 for the years ended December 31, 2002 and 2001, respectively, for the review of financial statements included in periodic and other reports filed with the Securities and Exchange Commission.

Tax Fees

The Company was also billed $13,323 and $11,115 for the years ended December 31, 2002 and 2001, respectively, for various income tax returns although additional amounts will be required to file the 2002 tax return.

Additional Fees

The Company was not billed any fees of the years ended 2002 and 2001 for any products and fees relating to accounting services, including financial information systems design and implementation.

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of the report:

1. and 2. The financial statements filed as part of this report are listed separately in the index to Financial Statements beginning on page F-1 of this report.

3. List of Exhibits:

Exhibit No.	Description
31	Rule 13a-14(a) Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32	Section 1350 Certifications

24

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to the Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

TIGER TELEMATICS, INC.

Dated March 25, 2005

By: /s/ Michael W. Carrender
Michael W. Carrender
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 25, 2005.

Signature	Title
/s/ Michael W. Carrender Michael W. Carrender	Chief Executive Officer, Chief Financial Officer and Director (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)
/s/ Carl Freer Carl Freer	Chairman and Director
/s/ Steve Carroll Steve Carroll	Director

INDEX TO FINANCIAL STATEMENTS

	Page
Financial Statements	
Accountant's Report	F-2
Accountant's Report	F-3
Consolidated Balance Sheets	F-4
Consolidated Statements of Operations F-5	
Consolidated Statements of Stockholders' Deficiency	F-6
Consolidated Statements of Cash Flows F-7	
Notes to Consolidated Financial Statements	F-9

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Tiger Telematics, Inc. and Subsidiaries, Inc.

We have audited the accompanying consolidated balance sheets of Tiger Telematics, Inc. and Subsidiaries, Inc. as of December 31, 2002 and the related consolidated statements of operations, stockholder's deficiency, and cash flows for year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 also 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 consolidated financial statements referred to above present

fairly, in all material respects, the financial position of Tiger Telematics, Inc. and Subsidiaries, Inc. as of December 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

GOLDSTEIN GOLUB KESSLER LLP
New York, New York
January 21, 2005, except for the last paragraph of Note K,
as to which the date is March 22, 2005

F-2

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Tiger Telematics, Inc.
Jacksonville, Florida

We have audited the accompanying consolidated balance sheet of Tiger Telematics, Inc. (formerly Floor Decor, Inc. and Subsidiaries) as of December 31, 2001and the related consolidated statements of operations, stockholders' deficit and cash flows for the year ended December 31, 2001 and the period July 3, 2000, date of inception, through December 31, 2000. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Floor Decor, Inc. and Subsidiaries as of December 31, 2001, and the results of their operations and their cash flows for the year ended December 31, 2001 and the period July 3, 2000, date of inception, through December 31, 2000 then in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as going concern. The Company has suffered losses from operations since inception, and will need to raise additional equity or debt in order to accomplish its business plan. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

McGladrey & Pullen, LLP
Fort Lauderdale, Florida
February 25, 2002

TIGER TELEMATICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2002 and 2001

	2002	2001
ASSETS		
Current Assets		
Cash	$ 0	$ 20,331
Accounts receivable	116,648	0
Inventories	163,489	0
Prepaid expenses	129,204	0
	409,341	20,331
Assets of discontinued operations	0	1,278,443
Total current assets	409,341	1,298,774
Property and Equipment, net	237,196	0
	$ 646,537	$ 1,298,774
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable	$ 1,450,998	0
Amounts due stockholders	1,210,785	1,541,053
Notes payable - current portion	30,602	0
Accrued expenses	1,961,644	0
Liabilities of discontinued operations	1,152,713	1,152,350
Total current liabilities	5,806,742	2,693,403
Notes payable less current portion	145,134	0
Total Liabilities	5,951,876	2,693,403
Stockholders' Deficiency		
Common stock - 0.001 par value authorized 100,000,000 shares; issued 2002: 3,227,457; 2001: 2,235,467 shares	3,227	2,235
Additional paid-in-capital	7,743,765	567,720
Accumulated deficit	(13,052,331)	(1,964,584)
Stockholders' deficiency	(5,305,339)	(1,394,629)
	$ 646,537	$ 1,298,774

See Notes to Consolidated Financial Statements

F-4

TIGER TELEMATICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2002 and 2001
and the Period from July 3, 2000 (Inception) through December 31, 2000

	2002	2001	2000
Net sales	$ 283,730	$ --	$ -
Cost of goods sold	384,968	--	-
Gross Loss	(101,238)	--	-
Operating expenses			
Selling expense	597,188	--	-
General and administrative	5,171,731	282,745	-
Total Operating Expenses	5,768,919	282,745	-
Operating Loss	(5,870,157)	(282,745)	-
Other income (expense)			
Impairment of goodwill and other intangibles	(4,884,733)	--	-
Gain on sale of Subsidiaries	248,009	--	-
Loss on currency transactions	(189,724)	--	-
Other income	--	--	2,
Interest expense	(37,712)	(145,607)	(28,
	(4,864,160)	(145,607)	(26,
Loss from continuing operations	(10,734,317)	(428,352)	(26,
Loss from discontinued operations	(353,430)	(870,728)	(639,
Net Loss	$(11,087,747)	$ (1,299,080)	$ (665,
Basic and diluted loss per common share:			
Continuing operations	$ (3.8026)	$ (0.1971)	$ (0.0
Discontinued operations	$ (0.1252)	$ (0.4007)	$ (0.2
Net loss per share	$ (3.9278)	$ (0.5978)	$ (0.3
Weighted average shares outstanding (basic and diluted)	2,822,876	2,173,099	2,169,

============ ============ =========

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
For the years ended December 31, 2002 and 2001
and the Period from July 3, 2000 (Inception) through December 31, 2000

	Common Stock		Additional Paid-in	A
	Shares	Amount	Capital	D
Balance at inception, July 3, 2000	--	$ --	$ --	$
Issuance of common stock	15	--	100	
Net loss for the period	--	--	--	
Balance (deficiency) at December 31, 2000	15	--	100	
Issuance of common stock, January 1, 2001	25	--	586	
Recapitalization of common stock upon reverse acquisition on May 22, 2001	2,169,427	2,169	(7,100)	
Issuance of common stock and warrants	66,000	66	574,134	
Net Loss	--	--	--	
Balance (deficiency) December 31, 2001	2,235,467	2,235	567,720	
Issuance of common stock and warrants:				
Private Placement	100,498	100	876,573	
Conversion of notes payable and amounts due stockholders	335,361	335	1,987,754	
Acquisition of Tiger Telematics Limited	280,000	280	2,799,720	
Acquisition of Comworxx, Inc.	170,531	171	1,065,646	
Services	105,600	106	446,352	
Net Loss	--	--	--	(
Balance (deficiency) December 31, 2002	3,227,457	$ 3,227	$ 7,743,765	$(

See Notes to Consolidated Financial Statements

TIGER TELEMATICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2002 and 2001
and the Period from July 3, 2000 (Inception) through December 31, 2000

	2002	2001
Cash Flows for Operating Activities:		
Loss from continuing operations	$(10,734,317)	$ (428,3
Loss from discontinued operations	(353,430)	(870,7
Net Loss	(11,087,747)	(1,299,0
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation	63,924	--
Amortization of intangible assets	115,762	--
Loss on currency transactions	189,724	--
Expenses paid with common stock	446,458	--
Gain on sale of subsidiary	(248,009)	--
Write down of assets of acquired company	407,000	--
Impairment of goodwill and other intangibles	4,884,733	--
Changes in assets and liabilities:		
Decrease (increase) in assets of discontinued operations	1,278,443	(447,9
Increase (decrease) in liabilities of discontinued operations	(735,408)	861,3
(Increase) decrease in assets:		
Accounts receivables	(116,648)	--
Inventories	(163,489)	--
Prepaid expenses	(129,204)	--
Increase (decrease) in liabilities:		
Accounts payable	1,450,998	--
Accrued expenses	1,961,644	--
Net liabilities related to sold operations	1,152,713	--
Net cash used in operating activities	(529,106)	(885,6
Cash Flows From Investing Activities:		
Purchase of property and equipment	(237,196)	--
Net cash used in investing activities	(237,196)	--
Cash Flows From Financing Activities:		
Issuance of common stock and warrants	876,673	569,8
Loans and advances from stockholders	204,014	629,4
Repayment to stockholders	(534,281)	(349,2
Interest on notes payable and stockholder loans capitalized to principal balance	23,829	56,0
Proceeds from notes payable	184,400	--
Payments on debt	(8,664)	--
Cash provided by financing activity	745,971	906,0

Net change in cash	(20,331)	20,3

See Notes to Consolidated Financial Statements

TIGER TELEMATICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Continued

Cash:			
Beginning of year	20,331	--	-
End of year	$ --	$ 20,331	$ -
Supplemental disclosure of Cash Flow Information:			
Cash paid for interest	$ 19,489	$ 96,541	$ 21,
Supplemental Disclosure of Non-cash Investing and Operating Activities:			
Stock issued for operating expenses	$ 446,458	$ --	$ -
Investing Activities:			
Acquisition of subsidiaries:			
Common stock issued	$ 3,865,817	$ --	$ -
Liabilities in excess of assets acquired	1,132,679	--	-
	$ 4,998,496	$ --	$ -
Financing Activities:			
Conversion of stockholder debt to common stock	$ 1,571,148	$ --	$ -
Debt of discontinued operations converted to common stock	$ 416,941	$ --	$ -
Acquisition of Tiger Telematics:			
Intangibles:			
Order book	$ 2,800,000	$ --	$ -
Distribution agreement	463,050	--	-
Property and equipment	1,436	--	-
Amounts due stockholders	(610,190)	--	-
Accounts payable	(235,949)	--	-
Notes payable	(98,822)	--	-
Accounts receivable	479,688	--	-
Common stock issued	(2,800,000)	--	-

Cash received	$ 787	$ --	$ -
Acquisition of Comworxx, Inc.			
Property and equipment	$ 280,629	$ --	$ -
Accounts receivable	27,619	--	-
Goodwill	1,735,445	--	-
Inventory	105,472	--	-
Prepaid expenses	9,368	--	-
Other assets	15,470	--	-
Notes payable	(8,664)	--	-
Accounts payable	(882,968)	--	-
Accrued expenses	(216,554)	--	-
Common stock issued	(1,065,817)	--	-
Cash received	$ --	$ --	$ -

See Notes to Consolidated Financial Statements

NOTE A - DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Tiger Telematics, Inc. (the Company or Tiger) and its wholly owned subsidiaries, Tiger Telematics USA, Inc. (Tiger USA) and Gizmondo Europe, Ltd. (Gizmondo) are principally engaged in the business of developing and marketing the Gizmondo wireless handheld multi-entertainment gaming device. During 2002 the Company's principal business was developing and marketing telematics products principally in Western Europe.

Prior to its sale in August of 2002 and its classification as a discontinued operation, the Company's primary business was retail floor covering. The Company (which was previously known as Floor Decor, Inc.) and its then wholly owned subsidiaries, Media Flooring, Inc. and Floor Decor LLC, owned and operated retail stores in Florida. The Company offered a wide selection of floor coverings including carpet, area rugs, wood, and laminates at discount prices to both commercial accounts and retail customers. The Company also provided installation of flooring. In June 2002, the Company discontinued these operations (see Note L) and changed its name from Floor Decor, Inc. to Tiger Telematics, Inc.

In February 2002, the Company acquired Eagle Eye Scandinavian Distributions, Ltd., a developer and distributor of telematics products and services to the business-to-business segment in Europe and changed its name to Tiger Telematics, Ltd. During most of 2002, the Company's principal business was developing and selling telematics products and services, conducted through Tiger Telematics, Ltd. This subsidiary was sold on December 17, 2002.

The Company started Tiger Telematics Europe, Ltd. (now known as Gizmondo Europe, Ltd.) in late 2002 to develop new telematics products including next generation fleet telematics products and the Gizmondo electronic game product, and to market these products principally in the UK.

In early 2003 the Company began developing a new multi-entertainment wireless handheld gaming device that is now referred to as Gizmondo. Since then the Company's primary business strategy has been to develop and market Gizmondo. The Company initially launched a limited production version of the Gizmondo in the UK on October 29, 2004, and expects to launch the full-scale production of Gizmondo in 2005. The Gizmondo is powered by a Microsoft Windows CE.net platform, has a 2.8-inch TFT color screen and a Samsung ARM9 400Mhz processor and incorporates the GoForce 3D 4500 NVIDIA graphics accelerator. Gizmondo provides cutting-edge gaming, multimedia messaging, an MP3 music player, Mpeg4 movie playing capability, a digital camera and a GPRS network link to allow wide-area network gaming. Additionally, Gizmondo contains a GPS chip for location based services, is equipped with Bluetooth for use in multi-player gaming and accepts MMC card accessories.

F-9

Significant Accounting Policies

Liquidity

The Company has sustained net losses over the past three years and at December 31, 2002 had a net working capital deficit of $5,397,401.

Management has sold off its unprofitable flooring business and is pursuing its telematics business, of which it entered via an acquisition in February 2002. The Company anticipates issuing equity securities to meet working capital requirements and to fund development costs incurred in connection with developing Telematics related products that the Company believes will enhance its operations.

Principles of Consolidation

The consolidated financial statements include the accounts of Tiger Telematics, Inc. (Company), and its subsidiaries, Tiger Telematics USA, Inc. (USA), and Tiger Telematics Europe Ltd. (Tiger Europe). Tiger Telematics Ltd (Tiger Ltd) is included through December 17, 2002 (date of divestiture) and the discontinued operations of Floor Decor Inc. and its subsidiaries through the date of their divestiture. All intercompany transactions are eliminated in consolidation. Except as otherwise noted, all amounts and disclosures only include continuing operations.

Prior to June of 2002, the Company was named Floor Decor, Inc. The name was changed when the Company exited the flooring business. See Note L DISCONTINUED OPERATIONS.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the 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.

Foreign Currency Translation

Results of operations and cash flows are translated at average exchange rates and assets and liabilities are translated at end-of-period exchange rates for operations outside the United States that prepare financial statements in other than the US dollar (generally in the UK). Translation adjustments are included in other comprehensive income until such time as the entity that generated the adjustments is sold. At December 31,2002, the Company did not have any translation adjustments considered to be other comprehensive income. Gains and losses from foreign currency transactions are reflected in other income (loss), net.

Inventories

Inventories are stated at the lower of cost (specific identification basis) or market, and consist of electronic components.

Accounts Receivable

Accounts receivable consists of amounts due from customers, none of whom are considered to be major customers.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided by straight-line methods in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Leasehold improvements are amortized over the shorter of the term of the lease or their expected useful life. Vehicles and furniture, fixtures and equipment are depreciated over periods of from 3 to 7 years.

Goodwill and Other Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets as of January 1, 2002.

SFAS 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and all intangible assets be reviewed for impairment.

The Company tests goodwill for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. The performance of the test involves a two-step process. The first step involves comparing the fair values of the applicable reporting units with their aggregate carrying value, including goodwill. The Company generally determines the fair value of its reporting units using the income approach methodology of valuation that includes the discounted cash flow method. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the Company performs the second step. The second test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of

that goodwill, an impairment loss is recorded.

Circumstances that could trigger an impairment test include but are not limited to: a significant adverse change in the business climate or legal factors; an adverse action or assessment by a regulator; unanticipated competition; loss of key personnel; the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise disposed of; results of testing for recoverability of a significant asset group within a reporting unit and recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.

Impairment

SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," provides a single accounting model for long-lived assets to be disposed of, changes the criteria for classifying an asset as held for sale, broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations. The Company adopted SFAS 144 on January 1, 2002.

In accordance with SFAS No. 144, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Assets to be disposed of are separately presented on the balance sheet and reported at the lower of their carrying amount or fair value less costs to sell, and are no longer depreciated.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and dates on the date of enactment.

For periods prior to January 1, 2001, the Company, with the consent of its stockholders, had elected to be taxed under sections of federal income tax law which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro-rata share of the Company's items of income, losses, and credits. This election was terminated effective January 1, 2001.

Stock-Based Compensation

On July 1, 2001, the stockholders approved the adoption of the Company's 2001 Employee Stock Option Plan (the Plan). Stock options are granted at a price equal to the market value of the Common Stock at the date of grant, generally expire 10 years from the date of the grant and vest equally over a three-year service period.

	2002	2001
Total common shares available for grant at the beginning of the year	320,000	320,000
Options to purchase common shares granted at $1.50 per share	144,000	-0-
Options exercised	-0-	-0-
Options forfeited/expired	-0-	-0-
Options available for grant	176,000	320,000
Shares vested during the year	36,000	-0-
Shares granted but unvested	108,000	-0-

The 144,000 stock options awarded in 2002 were all to one person at an exercise price of 2002 $1.50 per share.

The Company uses the intrinsic-value method of accounting for the Plan. Under this method, compensation cost is the excess, if any, of the quoted market price over the amount an employee must pay to acquire the stock at the date of the grant. The Company generally grants options with an exercise price equal to the market value of the common stock at the date of grant.

The Black-Scholes option price model was used to estimate the fair value as of the date of grant using the following assumptions:

	2002
Dividend yield	0%
Risk-free interest rates	4.35%
Volatility	163.00%
Expected option term (years)	9.61
Weighted-average fair value of options granted during the year	$1.50

If the Company had determined compensation expense for the Plan based on the fair value at the grant dates consistent with the method of SFAS No. 123 and SFAS No. 148, the Company's pro-forma net loss and basic loss per share would have been as follows:

	2002
Net loss as reported	$(11,087,747)
Stock based compensation expense under the fair value based method, net of tax ($0)	$ (54,000)
Pro forma net loss	$(11,141,747)
Basic and diluted net loss per share, as reported	$ (3.9278)
Pro forma basic and diluted net loss per share	$ (3.9469)

Earnings (Loss) per Share

Basic earnings (loss) per share is computed using the weighted average number of

common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted average number of common shares and potential common shares outstanding during the period. Potential common shares, including stock options and warrants, are excluded from the computation since their effect is anti-dilutive.

Revenue Recognition

Sales are recognized when merchandise is delivered and accepted by the customer, net of estimated sales returns, discounts and allowances.

F-13

Advertising Cost

Advertising costs are included in selling expense and are expensed in the period incurred. Such costs were $18,489 for 2002. For 2001, and 2000 the amounts were $506,921 and $43,098 and are included in discontinued operations.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards (SFAS) No.107, "Disclosures about Fair Value of Financial Statements" requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS No 107 excludes certain financial instruments and all non-financial assets and liabilities from its disclosure requirements. The fair value of financial instruments recorded on the balance sheet approximate the carrying amounts. The Company has no off balance sheet financial instruments.

Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations". SFAS No. 141 requires that the purchase method of accounting be used for all business combinations transacted after June 30, 2001. SFAS No. 141 also specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. The Company utilized SFAS No. 141 to account for business acquisitions completed in 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from acquisition, construction, development and/or normal use of assets. The Company also records a corresponding asset, which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on January 1, 2003, and is currently evaluating the effect that implementation of the new standard may have on its results of operations and financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by

which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs of sale. The Company adopted SFAS No. 144 on January 1, 2002.

FAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." FAS No. 146 was effective for disposal activities initiated after December 31, 2002.

FAS 148 amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. FAS No. 148 became effective after December 31, 2002.

FAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. The Company believes it has no derivative instruments. FAS No. 149 became effective for hedging arrangements entered into after June 30, 2003.

FAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Some of the provisions of this Statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, Elements of Financial Statements. The remaining provisions of this Statement are consistent with the Board's proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own equity shares, depending on the nature of the relationship established between the holder and the issuer. For public companies, FAS No. 150 became effective after June 15, 2003. The Company believes that, at the present time, it has no instruments that fall within the scope of this pronouncement.

NOTE B - REVERSE STOCK SPLIT AND INCREASE IN AUTHORIZED SHARES

In July 2004, the Company's shareholders approved a 1 for 25 reverse stock split. The number of authorized shares and par value were unchanged. All common stock amounts have been adjusted to reflect this change for all periods presented.

In May 2003, the Company's shareholders approved an increase in the number of authorized shares from 100 million shares to 250 million shares. In January 2004, the authorized shares were increased to 500 million shares.

NOTE C - REVERSE ACQUISITION

On May 22, 2001, a purchasing group acquired 2,169,467 shares of Media Flooring Inc. (MCGI) in exchange for all of the outstanding common shares of the Company to become the owner of approximately 40% of the issued and outstanding common stock of MCGI. The agreement included the merger of the Company into a newly formed wholly owned subsidiary. Prior to the acquisition, MCGI was a "Public Shell" Company with no significant operations or assets.

The acquisition of the Company was accounted for as a reverse acquisition and the Company was treated for accounting purposes as the acquiring entity. The historical financial statements of the Company became the historical financial statements of MCGI.

Additional paid in capital was adjusted on May 22, 2001 as follows:

Common Stock - 2,169,467 shares at par value of $0.001	$ (2,169)
Common Stock prior to reverse acquisition - 40 shares	0
Vendor obligation assumed	(4,931)
Recapitalization to additional paid-in capital	$ (7,100)

NOTE D - EQUITY TRANSACTIONS

The Company entered into private placement transactions with individual investors and sold 100,498 and 66,000 shares of its common stock during the first quarter of 2002 and December 2001, respectively, for $10.00 per share. For each share of common stock purchased, each investor received a warrant representing the right to purchase one additional share of common stock for $18.75 per share. The warrants expired unexercised on December 31, 2003. Net proceeds from these sales were $876,673 and $574,200 in 2002 and 2001, respectively.

Shares issued for services (none in 2001):

	Shares	Amount
During the first quarter of 2002 the Company purchased consulting services	12,000	$120,000
During the second quarter of 2002 the Company paid rental expenses in the UK for a subsidiary	20,000	182,635

During the fourth quarter of 2002 the Company purchased services from six vendors	73,600	143,823
Total	105,600	$446,458

During May 2002, the Company entered into an agreement with an advisor for consulting services under which the Company agreed to issue 96,000 shares of Common Stock for services rendered. The Company originally recorded consulting expense of $736,000, representing the market value of the stock at the date of the agreement. Because the shares were not issued until May 2003, the Company revalued the liability at the end of each quarter, based on the market value of the stock at those dates, as follows:

	Per Share Value	Liability	Decrease
September 2002	$ 2.88	$ 276,000	$ 460,000
December 2002	2.03	194,400	81,600
March 2003	.95	91,200	103,200
May 19, 2003 (date issued)	.75	72,000	19,200

During the 1st quarter of 2002, certain stockholders and others converted $922,723 of notes payable and amounts due to stockholders into 92,272 shares of common stock. For each share of common stock purchased, they also received a warrant representing the right to purchase one additional share of common stock at a price of $18.75 per share exercisable through December 31, 2003. The warrants expired unissued at December 31, 2003.

In October 2002, certain stockholders converted $455,176 of debt to 182,070 shares of common stock. The conversion of these stockholders was done at the prevailing market price as of the date of the conversion.

In October 2002, several former Tiger Telematics Ltd. shareholders agreed to convert $610,190 of their shareholder debt into common stock and warrants to purchase common stock at a price of $18.75 per share. The conversion rate was one share of common stock and one warrant for every $10.00 of debt. The debt of was converted in October 2002 into 61,019 shares of common stock and 61,019 warrants. The warrants expired unissued on December 31, 2003.

To recap, during 2002 shareholders converted $1,988,089 of debt into 335,361 shares of common stock.

See NOTE Q - SUBSEQUENT EVENTS for a description of equity transactions occurring after 2002.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2002, was as follows:

	2002

Vehicles	$ 188,837
Furniture, fixtures and equipment	48,359
	237,196
Less accumulated depreciation	-
	$ 237,196

Property and equipment was placed into service during 2003.

Property and equipment reclassified to discontinued operations in 2002 and 2001 are described in NOTE L - DISCONTINUED OPERATIONS

NOTE F - INCOME TAX MATTERS

The Company has net operating loss carry forwards for United States Tax purposes as of December 31, 2002 for federal income tax purposes of approximately $15,600,000, expiring in 2022. Any future benefit to be realized from these net operating loss and contribution carry forwards is dependent upon the Company earning sufficient future income taxable in the United States during the periods that the carry forwards are available. The loss carry forwards also contain restrictions on the type of taxable income that they can be used to offset. Due to these uncertainties, the Company has fully offset any deferred tax benefits otherwise relating to the net operating loss carry forward with a valuation allowance of approximately $5,040,000. The Company also has undetermined losses that may be off set against future income in the UK, expiring in 2021, due to the sale of Tiger Telematics Ltd. Any future benefits to be realized from the losses is dependent upon the Company earnings sufficient future taxable income in the UK during the periods that the losses off settable are available. Due to these uncertainties the Company has fully offset any deferred tax benefits relating to the losses.

	2002	2001
Income Tax Provision		
Tax provision at statutory rates	$ 4,600,000	$ 455,000
State income taxes - net	420,000	42,000
Effect of lower tax brackets	(13,000)	(13,000)
Other	(407,000)	(44,000)
	4,600,000	440,000
Balance at beginning of year	440,000	--
Balance at end of year	$ 5,040,000	$ 440,000
Valuation allowance:		
Balance at beginning of year	$ 440,000	$ --
Current year provision	4,600,000	440,000
Balance at end of year	$ 5,040,000	$ 440,000

NOTE G - OPERATING LEASES

The Company leases office space in Jacksonville, Florida and in London, England on a month-to-month basis. Rent expense for 2002 was $295,779. This was after reclassification of $241,280 of flooring rental expenses to discontinued operations. Rent expenses for 2001 and 2000 was $526,196 and $173,668, respectively, but is now reclassified as discontinued operations.

NOTE H - NOTES PAYABLE

	2002
The notes are payable to a bank in 36 equal monthly installments, with interest ranging from 10.4% to 11% and are collateralized by two automobiles.	$ 175,736
Less amount due within one year	30,602
Long term portion of notes payable	$ 145,134

Principal payments for the next three years are as follows: 2003 $30,602, 2004 $37,140, 2005 $44,504 and 2006 $63,490. See NOTE L - DISCONTINUED OPERATIONS for description of 2001 notes payable.

NOTE I - ACQUISITIONS

Tiger Telematics (UK) Ltd. ("Tiger Ltd")

On February 4, 2002, the Company purchased Eagle Eye Scandinavian Distribution Limited, an English private limited Company, and changed its name to Tiger Telematics (UK) Ltd. The Company purchased all of the outstanding stock of Eagle Eye in exchange for 280,000 shares of the Company's common stock valued at $2,800,000. Tiger Telematics is an early stage Company engaged in the distribution of telematics products.

The 280,000 shares of stock issued were valued at $10.00 per share. This price is the same price as the private placement transactions with investors that were entered into from December 2001 through March 2002. The negative equity of Tiger Ltd of $463,050 as of the acquisition date resulted in an excess of acquisition cost over tangible asset value of $3,263,050.

The excess of the acquisition price over the tangible asset valuation was assigned by allocating $2,800,000 to an order backlog of pending orders for product to be shipped over future periods and $463,050 to distribution rights to be amortized quarterly over the remaining life of the distribution agreement.

During the quarter ended September 30, 2002, the Company, after determining that the value of the order book was impaired, wrote-off $1,000,000. The impairment

was based on the failure to ship orders as originally projected and the change in Tiger Ltd.'s business model to derive its income from monthly revenue generated by its wireless telecom provider's partnership arrangements as opposed to generating revenue primarily from the sale of hardware. In the fourth quarter of 2002, the Company wrote off the remainder of the intangible assets of $2,147,288 (net of $115,762 of accumulated amortization).

In the fourth quarter the Company sold the common stock of Tiger Ltd. to an unrelated third party. The agreement called for the transfer of certain assets and debt from Tiger Ltd. to Tiger Europe prior to closing. The transaction was done in exchange for a Royalty Agreement from the buyer and Tiger Ltd. to pay a percentage of sales over the next 10 years. Due to the uncertainty of the future payments, the Company placed a zero value on the agreement and did not record the future stream of payments on the balance sheet. The Company recorded a $ 248,009 gain of the sale representing the excess of liabilities over assets transferred to the buyer. In early 2003, the buyer ceased operations and liquidated Tiger Ltd.

Comworxx, Inc.

On June 25, 2002, pursuant to a Purchase Agreement between the Company's wholly owned subsidiary, Tiger USA and Comworxx, Inc., a private Florida Company, Tiger USA purchased all of the assets of Comworxx in exchange for 170,531 shares of the Company's common stock valued at $6.25 per share or $1,065,819.

The purchase agreement provided however, that if the price per share of Tiger Common Stock sold in the next equity financing raising gross proceeds of at least $3 million, is less than $25.00 per share, the assumed purchase price shall be reduced to the price per share in the next equity financing and provided further however, that if the new equity financing is not consummated by September 1, 2002 the assumed price shall be reduced to $.875. If the purchase price is reduced to less than $25.00 per share of Tiger Inc. common stock, Tiger will have to issue such additional shares as necessary so that the total number of shares of Tiger Common Stock issued pursuant to this provision, is equal to the quotient, rounded to the nearest whole number, of $4,263,266 divided by the final assumed purchase price. The maximum number of shares that would be issued under this formula would be 487,230. Accordingly, 316,700 shares were subject to this contingency.

In 2004, the Company entered into a settlement agreement by which 160,000 shares plus 80,000 shares held in escrow would be issued in satisfaction of the full contingent share issuance.

Based on a post acquisition review of assets, inventory, receivables and property plant and equipment were written down to the current estimated value as of the acquisition date. The write-downs created an additional excess of liabilities over tangible assets of $669,628.

The acquisition price over the tangible asset valuation included three intangible assets. Although the acquisition included other intellectual property and license agreements, due to the position in the marketplace and funding issues associated with the acquisition, the Company believed that the goodwill was impaired as of June 30, 2002 and wrote off all of the goodwill of $1,735,445 in the quarter ended June 30, 2002.

In the third quarter, based on its evaluation, the Company took a further write-down of the remaining assets purchased of $407,000, effectively writing off its entire investment in the purchase agreement.

F-20

Assets (net of reserves) and liabilities acquired consisted of the following:

Accounts receivable	$ 27,619
Inventory	105,472
Prepaid items	9,368
Computer equipment	280,629
Security deposits	15,470
	438,558
Note payable	8,664
Accounts payable	882,968
Other accruals	216,554
	1,108,186
Excess of liabilities over assets	$ 669,628
Goodwill	1,065,817
Total goodwill (all written off on June 30)	$ 1,735,445
Net assets written off in the third quarter of 2002	$ 407,000

The Company believes that the seller may have misrepresented the nature of the assets and the viability of the associated business at the time of the transaction. As a result the Company has retained legal counsel to advise it of its rights against the shareholders of the seller to recover certain sums or to rescind the entire transaction. As mentioned above, in June of 2004 the Company issued 160,000 of the contingent shares in settlement of this matter.

Pro forma information: The following pro forma information reflects the net sales, net loss, and per share amounts for the year ended December 31, 2002 and 2001 as if the Tiger Telematics, Ltd. and Comworxx acquisitions had been completed on January 1, 2001:

	Year Ended	
	2002	2001
Pro forma net sales	$ 319,613	$ 0
Pro forma net loss	$(13,453,091)	$ (3,980,321)
Pro forma basic and diluted net loss per common share	$ (4.6201)	$ (1.5096)
Weighted average shares outstanding - basic and diluted	2,911,298	2,636,630

See NOTE Q - SUBSEQUENT EVENTS for descriptions of acquisitions and pending

acquisitions after 2002.

NOTE J - RELATED PARTY TRANSACTIONS

Notes Payable to Stockholders are as follows:

	2002	2001
Stockholder notes, unsecured, due on demand:		
A) 10%	$ --	$ 272,847
B) 15%	--	335,034
C) 10%	--	852,789
Without interest	--	80,382
	$ --	$ 1,541,052
D) Without interest	$ 1,210,785	--
Total	$ 1,210,785	$ 1,541,052

A) The two shareholders had a combined ownership of 0.18%. The note was paid in 2002. Interest expense was $13,812 and $22,847 for 2002 and 2001, respectively.

B) Eight shareholders, none of whom owned more than 0.6% of the Company, converted to 32,171 shares of the Company's common stock. Interest expense for these notes was $8,801 and $32,034 in 202 and 2001, respectively.

C) This note was owed to a 28.4% stockholder. The note, accrued interest and the advance, with a combined balance of $829,796 at the conversion date, were converted to 187,249 common shares and warrants. The warrants expired unissued at December 31, 2003. Interest expense related to this note was $15,000, $86,337 and $19,499 for 2002, 2001 and 2000, respectively.

D) These demand notes are due to stockholders who were the prior owners of Eagle Eye Scandinavian (See Note I Acquisitions).

Total interest expense related to stockholder debt was $37,712 in 2002. The weighted average interest rate on amounts due stockholder was 10%, 10.6% and 10.0% in 2002, 2001 and 2000, respectively.

To recap, the Company issued 280,439 shares of common stock to convert debt owed shareholders of $1,775,020 in 2002. Additionally the Company issued 54,922 shares to convert $213,069 of notes payable to others.

In 2001, the Company included a property owned by one of its stockholders in its property insurance policy. A portion of the insurance premium totaling $21,259 was deducted from the amount owed to the stockholder. Subsequent to December 31, 2001, separate insurance policies were written for each property.

As of December 31, 2001 the Company was owed a total of $26,029 from employees and officers. The Company from time to time advances nominal amounts of money to its employees for personal reasons. The advances do not bear interest and are due on demand. The above amounts were included in discontinued operations for the respective years.

In 2001, the Company sold $20,107 of flooring products to a company owned by an

officer of the Company.

As of December 31, 2002, the Company owed an executive officer and director approximately $50,000 for back salary and reimbursable expenses incurred on behalf of the Company.

In the fourth quarter of 2002 the Company issued 182,070 shares to certain shareholders to convert $455,761 of debt to equity at $2.50 per share.

During the third and fourth quarter of 2003, the Company (i) at the request of certain stockholder of Tiger Europe, Ltd., issued 148,000 shares at a rate of $.50 per share to reduce $75,000 of indebtedness owed by the Company to such stockholders and (ii) converted $1,400,000 of debt to a stockholder to 2,800,000 shares of common stock at the rate of $.50 per share, the market price of the common stock as of the date that the agreements were entered into. The debt conversion involved certain officers and directors of the Company and or its Gizmondo subsidiary. In addition, during the fourth quarter the Company converted $226,730 of debt owed to another shareholder into 453,460 shares of common stock valued at $.50 per share and issued 800,000 shares to such shareholder for services rendered to the Company. That person subsequently became an employee of a subsidiary of the Company in April 2004 as Head of Investor Relations.

NOTE K - CONTINGENCIES

A shareholder borrowed some of the funds advanced to the Company (with funds going to the Tiger Ltd subsidiary) from a private investment bank, London International Mercantile Bank (LIM), based in London. The shareholder failed to repay the note when due and LIM made demand on the subsidiary, Tiger Ltd., to repay the funds since Tiger Ltd. was the beneficiary of the funds. The Company maintained that it was not responsible for that obligation and responded to the demand accordingly. Tiger Ltd. entered into a settlement agreement the Court approved as a Tomblin Order where the demand note payable to the shareholder was forgiven in exchange for the Company entering into an installment note for approximately $475,000, to be paid over time directly to LIM. The shareholder remained contingently obligated for the sum owed plus interest in event that the payment was not made timely by Tiger Ltd. The Company issued a limited guaranty for the obligation to LIM.

The settlement agreement called for monthly payments at a variable interest rate. Tiger Ltd. repaid approximately $80,000 prior to the sale of the business on December 17, 2002. Following the sale of Tiger Ltd., the Company was apprised that Tiger Ltd. was placed in liquidation insolvency under the laws of the United Kingdom for failure to make the payments required under this arrangement.

LIM made demand on the Company for approximately $450,000, under the guarantee but has made no attempt to collect on the guaranty as it pursues its direct remedies against the original borrower of the funds. LIM also holds 140,000 shares of the Company's common stock and certain real estate provided by the original borrower as collateral. The Company does not believe that any possible losses with respect to this issue will have a material effect on the financial statements.

On April 26, 2002 the Company entered into a Lease Agreement with Christian and Timbers UK Ltd (C&T) for office premises for its subsidiary for a term of five years. The Company paid the first year's rent by issuing 20,000 shares of common stock. The subsidiary subsequently defaulted on the lease arrangement. In the summer of 2003, C&T sued the Company pursuant to the Company's guarantee. In October 2003, the Company entered into a judgment stipulation for $300,000 to

settle all obligations under the guarantee. The Company has issued shares of common stock to C&T that it believes will satisfy the amount of the outstanding judgment.

In March 2004, Jordan Grand Prix Ltd. filed suit against the Company in the UK alleging violation of the Sponsorship Agreement entered into between the Company and Jordan Racing in July 17, 2003 and a related Letter Agreement dated in July 2003. The sponsorship agreement was meant to assist in marketing the Company's new hand held gaming device and to correspond with its launch. The launch was delayed from its anticipated time frame. Jordan sued the Company for $3 million and alleged that the Company defaulted on a payment of $500,000, due on January 1, 2004, under the sponsorship agreement, and a payment for $250,000, due on the same date under a separate letter agreement. On February 26, 2004, Jordan sent the Company a letter where they formally and officially terminated both agreements for the aforementioned alleged defaults. The Company believes that it has defenses to the suit and has filed a defense in UK courts.

The Company is considering filing a counter suit against both the plaintiff and Jordan Racing. The plaintiff filed a motion for summary judgment against the Company. The Court denied the plaintiff's motion and the Company was permitted to defend the lawsuit on the condition that it makes a substantial payment to be held by the Court. In January 2005, the Court reduced the amount of the payment and allowed the Company to deposit 70,000 shares of its stock in escrow to satisfy this requirement. Prior to commencement of the trial, the Company is to substitute $1.5 million in exchange for the escrowed shares. While the Company is unable to predict the outcome of this litigation, it intends to vigorously defend the plaintiff's claims.

In January 2005, the Company filed a lawsuit against a former investment advisor of the Company, based on a breach of the agreement between the advisor and the Company. As payment for investment advisory services, the Company originally issued 40,000 (1,000,000 pre reverse split) shares of common stock in 2002 and 2003. The advisor subsequently alleged in December 2004 that the Company owed him an additional 960,000 shares of common stock to maintain his ownership in the Company at 1,000,000 shares. The Company is seeking a declaratory judgment from the court that it is not required to issue additional shares to the advisor, as well as damages, fees and costs as a result of the advisor's breach including the return of the previously issued shares.

In October 2004, Gizmondo Europe Ltd, (Gizmondo), subsidiary of the Company signed a contract with SCi Entertainment Group Plc (SCi), a leading games publisher, under which Gizmondo has licensed the right to develop and publish twelve SCi products for the Gizmondo platform. The agreement covers both currently released titles as well as those in the pipeline, and establishes the structure for continuing collaboration between the two companies.

The agreement has Gizmondo paying a minimum guarantee of approximately $1,250,000 allocated by and among 12 products. The guarantee, which has been paid, is non-refundable but fully recoverable against earned royalties of each product. An earned royalty of 50% of net receipts is to be paid on each product.

On March 22, 2005, the Board of Regents of the University of Texas System filed an action against the Company and one of its subsidiaries, Gizmondo Europe, Ltd. in the United States District Court for the Western District of Texas, Austin Division, alleging that predictive text software used in the Company's Gizmondo gaming device infringes a patent held by the Board of Regents. The Company believes that its software does not infringe the Board of Regents' patent. The Company licenses this software from another company, which under the license agreement, has indemnified the Company for infringement claims. The Company and

its licensor intend to vigorously defend the infringement claims against the Company and Gizmondo Europe, Ltd.

NOTE L - DISCONTINUED OPERATIONS

In June 2002 the Company entered into a plan to dispose of its flooring business and, as of June 30, 2002, accounted for the flooring segment as a discontinued operation. The Company has estimated that the net loss on the discontinued operations from June 30, 2002 through the date of the sale, August 9, 2002, to be $35,000, and the estimated gain on sale and included that amount in the liabilities of the discontinued segment.

On August 9, 2002, the Company sold its flooring business to a purchasing group headed up by a former officer of the Company. The Company sold assets aggregating $1,152,698, in consideration for the assumption by the buyer of liabilities totaling $1,243,135. The Company will remain contingently liable on the liabilities until such time as the buyers pay them off. In addition, the buyer has assumed operating leases described above.

Revenue included in loss from discontinued operations amounted to $2,163,158, $3,777,000 and $298,000 for the period ended December 31, 2002, 2001 and 2000 respectively.

The amounts held in discontinued operations have been reclassified on the financial statements of prior years. Shown below are the categories of assets and liabilities reclassified to discontinued operations as previously shown in the specific notes from the year ended 2001.

On April 2003, the buyer of the flooring assets filed a Chapter 11 bankruptcy proceeding and was liquidated as of April 30, 2003. As of December 31, 2002, the Company has made a provision for loss of approximately $1,153,000.

A summary of the liabilities the Company may be obligated to pay, as of December 31, 2002 is as follows:

Liabilities - Leases and various payables and accruals related to failure of Floor Decor, and other dispositions	$ 1.152.713
	=============

NOTE M - WARRANTS

The Company issued warrants to purchase 253,789 and 66,000 shares of the Company's common stock at $18.75 per share in 2002 and 2001 respectively. The warrants were exercisable at any time until December 31, 2003. None of the warrants were exercised or cancelled. All expired, unexercised, at December 31, 2003. At December 31, 2002 and 2001 there were 319,789 and 66,000 warrants issued and outstanding, respectively.

In 2004 the Company also issued warrants to purchase 495,525 shares of the Company's common stock at an exercise prices ranging from $5.00 to $11.25 per share.

NOTE N - PREPAYMENTS

Prepaid expenses at 2002 are as follows:	
Rent	$ 117,080
Insurance	12,124

TOTAL	$ 129,204

NOTE O - ACCRUED EXPENSES

	2002
Payroll and related taxes	$ 40,832
Consulting	194,000
Amounts accrued related to acquisitions, bankruptcy of acquiring companies and rent and advisor fees related to events described in NOTE K - CONTINGENCIES	1,726,812
	$ 1,961,644

NOTE P - SEGMENT INFORMATION

The Company now focuses all of its business in one segment, the telematics product development and distribution business in Europe.

NOTE Q - SUBSEQUENT EVENTS

ISIS Models, Ltd.

In May 2004 Gizmondo Europe, Ltd. acquired 75% interest in ISIS Models Ltd. for $310,000 settled by the issue of common stock of the Company of 40,000 shares valued at $7.75 per agreement. The transaction resulted in $310,000 of goodwill to reflect the intangible order book.

Warthog Plc

The Company executed an Asset Purchase Agreement contract dated November 3, 2004 and closed the transaction on that date, for the acquisition of Warthog Plc's subsidiaries, intellectual properties and assets, in a move to further expand the Company's games development agenda and management infrastructure. Within two days of closing, the Company injected approximately $1.3 million into the Warthog subsidiaries for working capital purposes.

As a result the Company paid $1,113,000 in cash and issued 497,866 shares of restricted common stock on November 3, 2004. The shares were valued at $14.06 per share pursuant to the terms of the agreement ($7,000,000), which was the average closing price in the 14 days prior to closing. For financial statement purposes, the company recorded approximately $850,000 in goodwill to reflect the excess purchase price over tangible assets acquired.

Indie Studios

On August 2, 2004, Gizmondo Europe, Ltd. purchased Indie Studios on a transaction agreed to on May 20, 2004 Purchase Agreement, following an April 29, 2004 Letter of Intent, for one million shares of common stock of the Company valued at $7.50. There are 600,000 contingent shares reserved. For financial statement purposes the Company assumed the shares issued and recorded $12

million in goodwill to reflect the excess of purchase price over tangible assets.

Integra SP

The Company executed a share Purchase Agreement contract dated October 29, 2004 to buy the shares of Integra SP (Integra), which owns several UK subsidiaries that provide software for process management and integration of real-time systems. Integra's domain expertise and Altio product set enable businesses to provide integration to various financial services institutions supporting a wide range of formats and protocols. For the fiscal year ended June 30, 2004, Integra had unaudited revenues of $4.1 million.

The transaction has not closed. When approved, the Company will issue 625,250 shares at closing and escrow 2,794,785 shares for payouts over two years, based on an earn out formula. The maximum number of shares to be issued under the two-year payout is 1,984,469 and under the earn-out is 3,420,035.

Equity Transactions

During 2003, the Company issued 6,270,648 shares as follows:

	Shares	Dollars
Private placements	2,372,034	$ 1,745,090
Conversion of debt to equity (primarily Shareholder debt)	3,471,514	3,274,488
Payment for services	427,100	294,475
Totals	6,270,648	$ 5,314,053

At December 31, 2002, 3,227,457 shares of common stock were issued and outstanding. Since that date, the Company has issued an additional approximately 43.2 million shares (including the shares described above for 2003) in numerous private transactions (a) for cash, (b) upon conversion of debt, accounts payable or other liabilities, (c) for goods or services provided by vendors, strategic partners, professionals, consultants and employees and (d) in connection with the acquisition of assets. In each case the Company recorded capital surplus based upon the price of the Company's common stock at the time of issuance or agreement to issue, discounted in some cases due to restrictions on sale by recipients. The aggregate amount recorded was approximately $177 million, including the above described shares. During such periods the Company also issued warrants to purchase and aggregate of 495,525 shares of common stock at exercise prices ranging from $5.00 to $11.25 per share.

NOTE R - QUARTERLY DATA (UNAUDITED)

(in thousands, except per share data)

	Year Ended December 31, 2002			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net sales	$ 130	$ 152	$ 1	$ 1
Cost of goods sold	117	223	42	3
Gross profit	13	(71)	(41)	(2)
Selling, general and Administrative	1,256	1,410	2,149	954
Other income (expense)	(521)	(1,027)	(3,288)	(28)
Loss from continuing Operations	(1,764)	(2,508)	(5,478)	(984)
Loss from discontinued Operations	--	--	(164)	(189)
Net loss	(1,764)	(2,508)	(5,642)	(1,173)
Net loss per share	$ (0.6249)	$ (0.8885)	$ (1.9986)	$ (0.4155)

	Year Ended December 31, 2001			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net sales	$ --	$ --	$ --	$ --
Cost of goods sold	--	--	--	--
Gross profit	--	--	--	--
Selling, general and Administrative	69	66	148	--
Other income (expense)	(44)	(37)	(37)	(28)
Loss from continuing Operations	(113)	(103)	(185)	(28)
Loss from discontinued Operations	(230)	(178)	(194)	(267)
Net loss	(343)	(281)	(379)	(295)
Net loss per share	$ (0.1744)	$ (0.1244)	$ (0.1744)	$ (0.1246)