Wi-Tron, Inc.
Form 10KSB
April 06, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File No. 0-21931

Wi-Tron, Inc.
(Name of Small Business Issuer in Its Charter)

Delaware	22-3440510
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
59 LaGrange Street, Raritan, New Jersey	08869
(Address of Principal Executive Offices)	(Zip Code)

Issuer's telephone number, including area code: (908) 253-6870

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

Securities registered pursuant to Section 12 (g) of the Act: Common Stock

(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. |_|

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 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 |_|

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Exchange Act). |_|

Issuer's revenues for its most recent fiscal year were $471,487

The aggregate market value of the voting and non-voting common equity held by non-affiliates of computed by reference to the closing price of such stock as of March 31, 2006, was approximately $2,095,726.

The number of shares outstanding of the issuer's common stock as of March 31, 2006 was 30,113,267

Documents Incorporated by Reference: None

Transitional Small Business Disclosure Format Yes |_| No |X|

FORWARD LOOKING STATEMENTS

This Annual Report and any documents incorporated herein by reference, if any, contain forward-looking statements that have been made within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements refer to our business, financial condition and prospects that reflect our management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

PART I

Item 1. Description of Business

Background

Wi-Tron, Inc., a Delaware corporation ("we," "us," "our," the "Company") incorporated in Delaware on December 14, 1995 as the successor to Amplidyne, Inc., a New Jersey corporation ("Amplidyne-NJ"), which was incorporated in October 1988. Our executive offices are located at 59 LaGrange Street, Raritan, NJ 08869 and our telephone number is (908) 253-6870. O November 4, 2005, as part of our current restructuring and the development of a new product strategy, we changed our name to Wi-Tron, Inc. Our common stock trades on the OTC Bulletin Board under the symbol WTRO.OB.

Amplifier Products

We design, manufacture and sell ultra-linear power amplifiers and related subsystems to the worldwide wireless, local loop and satellite uplink telecommunications market. These power amplifiers, which are a key component in cellular base stations, increase the power of radio frequency ("RF") and microwave signals with low distortion, enabling the user to significantly increase the quality and quantity of calls processed by new and existing

cellular base stations. Our wireless telecommunications products consist of solid-state, RF and microwave, single and multi-carrier power amplifiers that support a broad range of analog and digital transmission protocols including advanced mobile phone services ("AMPS"), code division multiple access ("CDMA"), time division multiple access ("TDMA"), total access communication systems ("TACS"), extended total access communication systems ("ETACS"), Nordic mobile telephone ("NMT"), global system for mobile communications ("GSM"), digital communication service at 1800 MHz ("DCS-1800") and wideband code division multiple access 3G communications ("W-CDMA"). The products are marketed to the cellular, wireless local loop and personal communication systems ("PCS") segments of the wireless telecommunications industry.

We continue to develop products and have completed the development of a multi-carrier W-CDMA (Wide Band CDMA) 80-Watt amplifier with digital signal processing, which meets 3GPP standards. 3GPP refers to the 3rd Generation Partnership Project, a collaboration agreement between ETSI (Europe), ARIB/TTC (Japan), CCSA (China), ATIS (North America) and TTA (South Korea) that was established in December 1998 to develop mobile phone standards.

In 2005 and presently, the Company has been engaged in restructuring its business. As a result, we have experienced a considerable downturn in overall business due to a decline in sales of our local loop products, which were being deployed at a much lower rate by our customer. We also maintained low levels of staffing throughout 2005, after significant staff cutbacks in the previous two years. Although, we were able to raise additional funds to restructure our business and fund development of our W-CDMA amplifier and digital signal processing techniques, these funds are not sufficient and as a result we have been operating under severe cash flow conditions for most of 2005. These conditions have considerably limited our sales and marketing efforts.

We have several products covered by a patent issued by the United States Patent and Trademark Office for Pre-Distortion and Pre-Distortion Linearization which, the Company believes is effective in reducing distortion, in amplifiers. In addition to our product line of single channel power amplifiers, which are currently utilized by the wireless communications industry, we also develop, design and manufacture Multi-carrier Linear Power Amplifiers ("MCLPA"). MCLPA combine the performance capabilities of many single carrier amplifiers into one unit, eliminating the need for numerous single carrier amplifiers and the corresponding unnecessary space occupied by the cavity filters encasing the amplifiers. Management believes that with our (i) proprietary technology (which effectively reduces distortion), (ii) technological expertise and (iii) established product line consisting of ultra-linear single channel power amplifiers, we can achieve similar performance with MCLPA. Our linear power amplifiers and MCLPA utilize our patented pre distortion and proprietary feed-forward technology, which simultaneously amplifies many channels with minimal distortion. This capability has been enhanced by development of digital signal processing techniques.

High Speed Wireless Internet Products

In 1999, we made our entry into the emerging wireless Internet access market with new products in the ISM license exempt operating band (2.4 to 2.4835 GHz). The line of spread spectrum radio products has been expanded to provide complete solutions, with designs for indoor, outdoor and hybrid indoor/outdoor network coverage including point-to-point and point-to-multi-point configurations.

In 2005, the Company decided to cease any further investment in this

technology and products. However, we will continue to review the market place, especially the opportunities in the evolving Wi-Max technologies.

Cellular Systems

A cellular system consists of a number of cell sites that are networked to form a cellular system operator's geographic coverage area. Each cell site has a base station which houses the equipment that transmits and receives telephone calls between the cellular subscriber within the cell and the switching office of the local wireline telephone system. Such base station equipment includes an antenna and a series of transceivers, power amplifiers and cavity filters. Large cell sites, which generally cover a geographic area of up to five miles in radius, are commonly referred to as "macro cells."

The ability of cellular system operators to increase system capacity through the use of micro cells is largely dependent on their ability to broadcast multiple signals with acceptable levels of interference and distortion. In cellular systems, the amplifier is generally the greatest source of signal interference and distortion, particularly with multi-carrier high power amplifiers. Consequently, obtaining amplifiers that can transmit and receive multiple signals with low distortion or interference from adjacent signals ("high spectral purity") is critical to a cellular system operator's ability to increase system capacity. Substantial resources and technical expertise are required to design and manufacture multi carrier power amplifiers with high spectral purity. To achieve high spectral purity, multi-carrier amplifier systems must have high interference cancellation properties.

We believe that the potential opportunities for wireless communication services in countries without reliable or extensive wire line systems may be even greater than in countries with developed telecommunication systems.

Strategy

Utilizing our proprietary, patented technology and experience in interference cancellation, we are focused on developing amplifier products required by telecommunication operators. These amplifier products address the telecommunication operators' wide bandwidth requirements, while maintaining digital signal processing capabilities and higher efficiencies. We developed our W-CDMA 80-Watt amplifier with digital signal processing to meet these requirements, and will continue to develop high-efficiency amplifiers during 2006. We are also looking to broaden our product line by introducing filters, diplexers and repeaters by forming strategic alliances. In addition, we intend to enhance our analog pre distortion technology by introducing digital pre distortion correction techniques.

The Company's business strategy focuses primarily on the wireless communication market and consists of the following elements:

Increase Penetration of Wireless Equipment Manufacturers. Since 1991, we have positioned ourselves as a supplier of amplifier products to large wireless telecommunications OEMs. We seek to capitalize on our existing customer relationships and become a more significant source of our customers' amplifiers by working closely with OEM customers to offer innovative solutions to technical requirements and problems. During 2006, we intend to use our W-CDMA amplifier products as a major marketing and sales thrust both in the U.S. and Asian markets.

Maintain a Technology Edge. We believe that, with our products have been

addressing the needs of our customers for products that solve significant technical problems. We believe our interference cancellation technologies are among the most advanced that are commercially available in the industry, both in performance and diversity of methodology. We utilize proprietary and patented pre-distortion technology and proprietary feed-forward interference cancellation technology in our linear power amplifiers and MCLPAs to enable the user to significantly increase the quality and quantity of calls processed by new and existing cellular base stations. We intend to continue to maintain resources in research and development, and continue the development of digital signal processing, digital predistortion techniques, and high efficiency amplifiers.

Develop Innovative Proprietary Products. To date, we have focused our efforts in the development of amplifier products which are highly innovative, and which are not the standard "commodity" type product. In addition, we believe that we have compiled an extensive design library in the solid-state, high power amplifier industry utilizing our proprietary and patented technology and expertise in interference cancellation. We have developed and intend to continue to develop products that combine basic components in unique and high performance configurations, to command higher prices in the wireless communications market. In addition, we have adapted this expertise for new commercial market applications and have developed products for W-CDMA 3G (third generation) communications.

Provide Support from Product Design through Installation and Operation. We work with our customers throughout the design process to assist them in refining and developing their amplifier specifications. Once the specifications have been met and the product delivered, we continue to provide technical support to facilitate system integration, start-up and continued operation. By providing customer support services from the product design phase through installation and operation, management believes it fosters increased levels of customer loyalty and satisfaction. In addition, through this process, we believe we will develop new product definitions and implementations to further enhance our strategic position in the wireless market.

Maintain Control of the Manufacturing Process. We have consistently analyzed in house automated manufacturing versus the use of subcontracted manufacturers in order to control our production schedule. In certain instances, we have made the strategic decision to select single or limited source suppliers in order to obtain lower pricing, receive more timely delivery and maintain quality control.

The Wi-Tron Advantage

We believe that our products have several features, which differentiate them from those of our competitors, such as:

The Predistortion Solution. Utilizing its proprietary technology, we can obtain significant distortion reduction in our core amplifiers. This enables the pre-distorted amplifier to have feed-forward correction (which is described below, see "Technology") applied to it to achieve distortion cancellation.

Distortion and Spurious Cancellation Resulting in Ultra Linear High Power Amplifiers. We believe the use of MCLPA is critical in the implementation of new cellular systems and the upgrade of older analog systems. Cellular systems need to cover large areas with minimum hardware in order to minimize cost per subscriber. Reduction of the distortion and spurious signals from the amplifiers is a key enabling technology. We have developed proprietary interference cancellation technology using multiple methods to achieve high suppression of spurious output and distortion typically associated with higher power

amplifiers. Our single channel amplifiers have also been well received in the industry; however, we have experienced more competition in this area. We are seeking to position ourselves to be a viable source in this area. We constantly monitor these situations and will employ sources to explore such opportunities, as financing permits.

By utilizing our proprietary and patented predistortion technology and our proprietary feed forward technology, the MCLPA amplification capacities of our amplifiers are, in management's belief, among the better products in the industry.

Linearity, Low Distortion and High Amplification. Wireless service providers' ability to manage scarce spectrum resources more effectively and accommodate large numbers of subscribers is largely dependent on their ability to broadcast signals with high linearity, which pertains to the ability of a component to amplify a wave form without altering its characteristics in undesirable ways. Linear amplifiers allow signals to be amplified without introducing spurious emissions that might interfere with adjacent channels. Higher linearity increases the capacity of cellular systems by enabling a more efficient use of digital transmission technologies, micro-cellular architectures and adaptive channel allocation. In current cellular systems, the power amplifier is generally the source of the greatest amount of signal distortion. Consequently, obtaining power amplifiers with high linearity and low distortion is critical to wireless service providers' ability to improve spectrum efficiency.

We have several products covered by a patent issued by the United States Patent and Trademark Office, which we believe, gives us a significant advantage over our competitors.

Multicarrier Designs. Multicarrier amplification, in which all channels are amplified together by a MCLPA, rather than each channel using a separate amplifier, allows for instantaneous electronic channel allocation. Functionally, it combines many single channel power amplifiers, into a single unit, thereby eliminating the single channel power amplifiers and the corresponding tunable cavity filters. MCLPA require significantly higher linearity compared to single channel designs.

Our high linearity products, incorporating pre-distortion and feed-forward technology, in management's belief, achieve among the lowest distortion in the industry. The MCLPA amplified signal remains within its prescribed band and spectrum with low interference of adjacent channels, thus providing flexibility to accommodate any frequency plan.

Bi-Directional Tower Top Amplifier. One of the key components in the wireless Internet access system is the bi-directional tower top amplifier. We also have considerable experience in the design, development and deployment of fixed broadband amplifier products. The amplifier has to operate reliably in an outdoor application. Our expertise in this area is an advantage over competitors who are required to purchase their amplifiers from outside sources.

We also have considerable know-how of other related products such as antennas, filters, power supplies and digital control circuits. We are therefore able to offer a turnkey solution to ISP's, providing indoor and outdoor networking support using our existing resources. We have a cost advantage because we manufacture our own amplifiers, which we can, if necessary, rapidly refine and change.

We intend to refine our products as needed and in a timely fashion in order to obtain market share.

High Quality, Reliability and Customer Support. We believe that the power amplifier in cell sites historically has been the single most common point of equipment failure in wireless telecommunications networks. Increasingly reliable power amplifiers, therefore, will improve the level of service offered by wireless service providers, while reducing their operating costs. In addition, MCLPA eliminate the need for high-maintenance; tunable cavity filters that should further reduce costs.

We work closely with our customers throughout the design process in refining and developing their amplifier specifications. We use the latest equipment and computer aided design and modeling, solid-state device physics, advanced digital signal processing, and digital control systems, in developing our products. The integration of our design and production is a factor in our ability to provide our customers with high reliability, low distortion and low maintenance amplifiers.

Technology

Wireless Transmit Technology. A typical wireless communications system comprises a geographic region containing a number of cells, each with a base station, which are networked to form a service provider's coverage area. Each base station or cell site houses the equipment that transmits and receives telephone calls to and from the cellular subscriber within the cell and the switching office of the local wire line telephone system. Such equipment includes a series of transceivers, power amplifiers, tunable cavity filters and an antenna. In a single channel system, each channel requires a separate transceiver, power amplifier and tunable cavity filter. The power amplifier within the base station receives a relatively weak signal from the transceiver and significantly boosts the power of the outgoing wireless signal so that it can be broadcast throughout the cell. The radio power levels necessary to transmit the signal over the required range must be achieved without distorting the modulation characteristics of the signal. The signal must also be amplified with linearity in order to remain in the assigned channel with low distortion or interference with adjacent channels.

Because cellular operators are allocated a small RF spectrum and certain channels, it is necessary to make efficient use of the spectrum to enable optimum system capacity. By amplifying all channels with minimum distortion at the same time, rather than inefficient use of single channel amplification, one obtains better system capacity. A MCLPA combines the performance capabilities of many single carrier amplifiers into one unit, eliminating the need for numerous single carrier amplifiers and their corresponding tunable cavity filters. These MCLPA require less space than multiple single channel amplifiers and their corresponding tunable cavity filters, which reduce the size and cost of a base station.

MCLPA create distortion products, which can cause adjacent channel interference. The minimization of these distortion products requires sophisticated technology. This is accomplished through interference cancellation techniques such as "pre distortion" and "feed forward" accompanied by highly advanced control and processing technology. We have developed certain proprietary technology and methods to achieve minimal distortion in our amplifiers, technically called pre distortion and feed- forward correction. We use three distinct technologies (1) linear class A and AB amplifiers, (2) pre distorted class A and AB amplifiers and (3) pre distortion feed-forward amplifiers. Our proprietary leading edge products contain patented pre distortion and proprietary feed-forward technology combined in a proprietary automatic correction technique.

All amplifiers create distortion when they are run at a high power level. In an ideal case the output of the amplifier would faithfully reproduce the input signal without any distortion. In real life, however, distortion characteristics are produced. These distortion products can cause interference with another caller's channel, which in turn produces poor call quality. By using a simple, patented technology, we recreate the distortion for the amplifier in such a manner to cancel the interference signals.

Feed-forward cancellation involves taking the distortion created by the amplifier and processing it in such a way that when it is added back into the amplifier having been pre-distorted and combined with the feed forward technology, distortion cancellation occurs. We believe that our patented technology has the most unique and potent technology for distortion cancellation. Furthermore, we have selected linear class AB technology for our base amplifier which we believe also has superior distortion characteristics compared to other competitors because it is easier to pre-distort. Thus the three key ingredients (1) linear class A and AB amplifiers, (2) pre distortion technology and (c) feed-forward technology enable us to produce MCLPA for our major OEM customers.

Our wireless Internet access products consist of point-to-point and point to multipoint indoor and outdoor units that can be configured to provide broad coverage over a city or region or to create coverage in an indoor space with free roaming access.

At the remote site an indoor or outdoor LAN system can be connected using a single channel CPE or Access Point, with various antennae combinations. Amplifiers are used for range extension purposes.

Markets

The market for wireless communications services has grown substantially during the past decade as cellular wireless local loop, 3G and other new and emerging applications (such as W-CDMA) have become increasingly accessible and affordable to growing numbers of consumers.

Cellular Market. The market for cellular communications still accounts for a fairly large portion of the wireless services. The general downturn in this segment decreased demand for amplifier products during 2004 and 2005.

Wireless Local Loop. Wireless local loop systems are increasingly being adopted in developing markets to more quickly implement telephone and Data communication services. In certain developing countries, wireless local loop systems provide an attractive alternative to copper and fiber optic cable based systems, with the potential to be implemented more quickly and at lower cost than wire line telephone systems. The Company designs, manufactures and markets MCLPA and single channel amplifiers for infrastructure equipment systems in the wireless local loop market in the 2 and 3.5 GHz bands.

Custom Communications and Other Markets. The custom communications market consists of small niche segments within the larger communications market:long-haul radio communications, land mobile communications, surveillance communications, ground-to-air communications, microwave communications, broadband communications and telemetry tracking. The Company sells custom amplifiers and related products to these segments.

Products

We design and sell multi-carrier transmit amplifiers and low noise receive amplifiers for the cellular communications market, as well as the PCS and wireless local loop segments of the wireless communications industry. We also provide a large number of catalog and custom amplifiers to OEMs and to other customers in the communications market in general. In addition, we also sell a complete line of fixed broadband wireless networking and LAN products for private networks, virtual private networks and Internet access.

Multicarrier Linear Power Amplifiers (MCLPA). When a cellular or PCS user places a call, the call is processed through a base station, amplified, and then transmitted on to the person receiving the call. Therefore, all base stations require amplifiers (MCLPA) whether they are being used for cellular, PCS or 3G (third generation) local loop applications. We design and manufacture these amplifiers. The objective is to provide a quality product at a good price and to have exemplary reliability. Management believes that our products with patented pre-distortion technology, core linear amplifier technology, and proprietary feed-forward technology, achieve all of the objectives mentioned above. Our MCLPA are a unique line of ultra linear devices, which utilize a proprietary pre-distortion and phase locked feed forward architecture.

High Power Linear Amplifiers. Our product line of linear amplifiers have a high third-order intercept point, which translates to better call quality. These high power amplifiers are supplied as modules or plug in enclosures. The communication bands available are NMT-450, AMPS, TACS, ETACS, 3G and PCS. The output power ranges from 1 to 200 Watts. These amplifiers can be used in instances where service providers only need a single transmit channel.

W-CDMA Amplifier Development. In 2005, we completed the development of a wide band 80W MCLPA with Digital Signal Processing technology.

Local Loop and Mini Cell Amplifiers. Local loop and mini cell amplifiers are designed with a proprietary circuit to achieve a high IMD specification, which translates to better call quality through the mini cell. These amplifiers can be ordered as modules or in a rack configuration.

Low Noise Amplifier, Cellular, PCN, PCS, GSM. Our low noise amplifiers are manufactured with a mix of silicon and GaAsFET devices. These amplifiers offer the user the lowest noise and the highest intercept point, while maintaining good efficiency. Received calls at a base station are low in level due to the fact that hand held cellular phones typically operate at half a watt power level. This weak signal has to be amplified clearly which is done by using our low noise amplifier. All amplifiers undergo a 72-hour burn-in period to ensure reliable filed operation.

Communication Amplifiers. These amplifiers are designed for cellular and PCN/PCS applications and use GaAs or Silicon Bipolar FET devices. The transmit amplifiers are optimized for low distortion products. Custom configurations are available for all communication amplifiers. This line of products is aimed at the single channel base station users employing the digital cellular standards (CDMA, 3G and TDMA).

Our wireless telecommunications amplifiers can be configured as modules separate plug-in amplifier units or integrated subsystems. Our products are integrated into systems by OEM customers, and therefore must be engineered to be compatible with industry standards and with certain customer specifications, such as frequency, power, linearity and built-in test (BIT) for automatic fault diagnostics.

Product Warranty

We warranty new products against defects in materials and workmanship generally for a period of one (1) year from the date of shipment. To date, we have not experienced a material amount of warranty claims.

Backlog/Future Orders

We regularly review our backlog (which includes projected future orders from customers) that we expect to ship over the next 12 months. We have had to change schedules and delay orders depending on customer needs. Customer schedules or requirements may frequently change and in some cases result in cancellation of orders, in response to which the Company has to change its production schedule. Changes and cancellations exist since, among other matters, the wireless communications industry is characterized by rapid technological change, new product development, product obsolescence and evolving industry standards. In addition, the decline in the telecommunications industry resulted in low activity during most of 2004 and 2005. This uncertainty may lead to postponement or cancellation of future or current orders. In addition, as technology changes, corporations are frequently requested to update and provide new prototypes in accordance with new specifications if products become obsolete or inferior. Therefore, we have been focusing on strategic partnerships to provide better quality solutions to our partners with higher margin sales opportunities.

The Company has backlog of orders worth approximately $1.5m and expects to ship these products during the second half of 2006. In the present state of the telecommunications industry there is a reluctance of companies to commit to large blanket orders. We expect to see this trend, of just in time orders, to continue during 2006. The Company would like to stress, although useful for scheduling production, backlog as of any particular date may not be a reliable indicator of sales for any future period.

Customers, Sales & Marketing

Customers. The Company markets its products worldwide generally to wireless communications manufacturers (OEMs) and communications system operators. The table below indicates net revenues derived from customers in the Company's markets in 2005 and 2004.

Net Revenues By Market Categories
(In thousands)

	Year Ended December 31,	
	2005	2004
Amplifier Markets		
Wireless Telephony	471	$656
Satellite Communications, Custom and other Products		

Ampwave Market		
Wireless Internet Products. And Broadband solutions	0	88
Total	$471	$744

* Wireless Telephony. Sales to the wireless telephone segments of the wireless communications industry decreased from approximately $656,000 in 2004 to $472,000 in 2005.

* Wireless Internet and Broadband solutions. The Company decided not to pursue this business in 2005

* International Sales. Sales of wireless products outside the United States accounted for almost all the sales in 2005

* Sales and Marketing. The Company's officers and sales and marketing consultants maintain significant contact with potential prospects and key customers, ensuring close technical liaison with customer engineers and purchasing managers.

Competition

Amplifier Products

Our ability to compete successfully and operate profitably depends in part upon the rate of which OEM customers incorporate our products into their systems. We believe that a substantial majority of the present worldwide production of power amplifiers is captive within the manufacturing operations of a small number of wireless telecommunications OEMs and offered for sale as part of their wireless telecommunications systems. Our future success is dependent upon the extent to which these OEMs elect to purchase from outside sources rather than manufacture their own amplification products. There can be no assurance that OEM customers will incorporate our products into their systems or that in general OEM customers will continue to rely, or expand their reliance, on external sources of supply for their power amplification products. Since each OEM product involves a separate proposal by the amplifier supplier, there can be no assurance that our current OEM customers will not rely upon internal production capabilities or a non-captive competitor for future amplifier product needs. Our OEM customers continuously evaluate whether to manufacture their own amplification products or purchase them from outside sources. These OEM customers are large manufacturers of wireless telecommunications equipment who could elect to enter the non-captive market and compete directly with us. Such increased competition could materially adversely affect our business, financial condition and results of operations.

Certain of our competitors have substantially greater technical, financial, sales and marketing, distribution and other resources, and have greater name recognition and market acceptance of their products and technologies. In addition, certain of these competitors are already established in the wireless amplification market, but we believe we can compete with them effectively. No assurance can be given that our competitors will not develop new technologies or enhancements to existing products or introduce new products that will offer superior price or performance features. To the extent that OEMs

increase their reliance on external sources for their power amplification needs more competitors could be attracted to the market.

We expect our competitors to offer new and existing products at prices necessary to gain or retain market share. We expect to experience significant price competition, which could have a materially adverse effect on gross margins. Certain of our competitors have substantial financial resources, which may enable them to withstand sustained price competition or downturns in the power amplification market. Currently, we compete primarily with non-captive suppliers of power amplification products. We believe that our competition, and ultimately our success, will be based primarily upon service, pricing, reputation and the ability to meet the delivery schedules of our customers. During 2005, we operated under severe cash flow circumstances, which restricted our sales and marketing efforts.

Manufacturing

We assemble, test, package, and ship products at our manufacturing facilities located in Raritan, New Jersey. This facility includes a separate assembly and test facility for various custom products.

Our manufacturing process consists of purchasing components, assembling and testing components and subassemblies, integrating the subassemblies into a final product and testing the product. Our amplifiers consist of a variety of subassemblies and components which we designed or specified, including housings, harnesses, cables, packaged RF power transistors, integrated circuits and printed circuit boards. Most of these components are manufactured by others and are shipped to us for final assembly. Each of our products receives extensive in process and final quality inspections and tests.

Our devices, components and other electrical and mechanical subcomponents are generally purchased from multiple suppliers. We do not have any written agreement with any of our suppliers. We have followed a general policy of multiple sourcing for most of our suppliers in order to assure a continuous flow of such supplies. However, we purchase certain transistors produced by a single manufacturer because of the high quality of its components. We believe it is unlikely that such transistors would become unavailable, however, if that were to occur, there are multiple manufacturers of generally comparable transistors. We believe that the distributors of such transistors maintain adequate inventory levels, which would mitigate any adverse effect on our production in the event unavailability or shortage of such transistors. If for any reason, we could not obtain comparable replacement transistors or could not return its products to operate with the replacement transistors, our business, financial condition and results of operations could be adversely affected.

We currently utilize discrete circuit technology on printed circuit boards that we design and are provided by suppliers to our specifications. All transistors and other semiconductor devices are purchased in sealed packages ready for assembly and testing. Others also manufacture other components such as resistors, capacitors, connectors or mechanical supported subassemblies. Components are ordered from suppliers under master purchase orders with deliveries timed to meet our production schedules. As a result, we maintain a low inventory of components, which could result in delay in production in the event of delays in such deliveries.

We purchased automated surface mount machinery to enhance our manufacturing ability for amplifiers as well as wireless internet products, which was installed during the first quarter of 2000. The equipment has provided improved efficiency in production and faster turn around for certain products.

We have started to manufacture some of the products for our high speed wireless internet products.

We manufacture some of our high speed wireless internet products and amplifiers in our New Jersey facility and the rest in offshore facilities, which are ISO 9001 certified.

Research, Engineering and Development

We research, engineering and development efforts are focused on the design of amplifiers for new protocols, the improvement of existing product performance, cost reductions and improvements in the manufacturability of existing products.

We have historically devoted a significant portion of its resources to research, engineering and development programs. Our research, engineering and development expenses in fiscal 2005 and 2004 were approximately $552,000 and $256,000, respectively, and represented approximately 117% and 34% respectively, of net revenues. These efforts were primarily dedicated to the development of the linear feed forward, high power, low distortion amplifiers, resulting in our models for 3G W-CDMA.

During most of 2005, we spent substantial sums to develop our 3G 80W W-CDMA amplifier, of which we have produced four pre-production units that are available for evaluation or sale to customers.

We use the latest equipment and computer aided design and modeling, solid-state device physics, advanced digital signal processing and digital control systems, in the development of our products in the specialized engineering and research departments.

We use a CAD environment employing networked workstations to model and test new circuits. This design environment, together with our experience in interference cancellation technology and modular product architecture, allows us to rapidly define, develop and deliver new and enhanced products and subsystems sought by our customers.

The markets in which the Company and OEM customers compete are characterized by rapidly changing technology, evolving industry standards and continuous improvements in products and services.

Patents, Proprietary Technology and Other Intellectual Property

Our ability to compete successfully and achieve future revenue growth will depend, in part, on our ability to protect proprietary technology and operate without infringing the rights of others. We have a policy of seeking patents, when appropriate, on inventions resulting from its ongoing research and development and manufacturing activities.

Presently, we have been granted a patent (No. 5,606,286) by the United States Patent and Trademark Office with respect to its Pre-Distortion and Pre-Distortion Linearization technology which, we believe, is more effective in reducing distortion then other currently available technology. There can be no assurance that our patent will not be challenged or circumvented by competitors.

Notwithstanding our active pursuit of patent protection, we believe that the success of our amplifier business depends more on its specifications, CAE/CAD design and modeling tools, technical processes and employee expertise

than on patent protection. We generally enter into confidentiality and non-disclosure agreements with its employees and limits access to and distribution of its proprietary technology. We may in the future be notified that it is infringing certain patent and/or other intellectual property rights of others. Although there are no such pending lawsuits against us or unresolved notices that we are infringing intellectual property rights of others, there can be no assurance that litigation or infringement claims will not occur in the future. Our wireless internet access products are marketed under the trademark Ampwave(TM) .

Governmental Regulations

Our customers must obtain regulatory approval to operate their base stations. The United States Federal Communications Commission ("FCC") has regulations that impose more stringent RF and microwave emissions standards on the telecommunications industry. There can be no assurance that our customers will comply with such regulations, which could materially adversely affect our business, financial condition and results of operations. We manufacture our products according to specifications provided by our customers, which specifications are given to comply with applicable regulations. We do not believe that costs involved with manufacturing to meet specifications will have a material impact on its operations. There can be no assurances that the adoption of future regulations would not have a material adverse affect on us.

Employees

As of March 31, 2006, we had a total of 14 employees: 7 in operations, 3 in engineering, 3 in administration, and 1 in international sales. We employ one consultant in sales and marketing. We believe our future performance will depend in large part on our ability to retain highly skilled employees. None of our employees are represented by a labor union and we have not experienced any work stoppages. We consider our employee relations to be good.

Environmental Regulations

We are subject to Federal, state and local governmental regulations relating to the storage, discharge, handling, emissions, generation, manufacture and disposal of toxic or other hazardous substances used to manufacture our products. We believe that we are currently in compliance in all material respects with such regulations. Failure to comply with current or future regulations could result in the imposition of substantial fines, suspension of production, alteration of its manufacturing process, cessation of operations or other actions which could materially and adversely affect our business, financial condition and results of operations.

In addition to other information in this Annual Report, the following important factors should be carefully considered in evaluating us and our business, because such factors currently have a significant impact on the Company's business, prospects, financial condition and results of operations.

RISK FACTORS

You should carefully consider the risks described below before investing in our company. The risks and uncertainties described below are not the only ones facing our company. Other risks and uncertainties that we have not predicted or assessed may also adversely affect our company.

Some of the information in this Annual Report contains forward-looking

statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe,' "intend," "estimate," and "continue" or other similar words. You should read statements that contain these words carefully for the following reasons:

- the statements may discuss our future expectations;
- the statements may contain projections of our future earnings or of our financial condition; and
- the statements may state other "forward-looking" information.

We believe it is important to communicate our expectations to our investors. There may be events in the future, however, that we are not accurately able to predict or over which we have no control. The risk factors listed below, as well as any cautionary language in or incorporated by reference into this Annual Report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our company, you should be aware that the occurrence of any of the events described in the risk factors below, elsewhere in or incorporated by reference into this Annual Report and other events that we have not predicted or assessed could have a material adverse effect on our earnings, financial condition or business. In such case, the trading price of our securities could decline and you may lose all or part of your investment.

We have a recent history of losses and expect losses to continue.

We have incurred net losses of $1,318,735 and $768,878 for the years ended December 31, 2005 and 2004, respectively. These losses were due primarily to substantially reduced sales, against which our cost-cutting efforts have yielded minimal results. We are expecting increased sales for amplifier products to compensate for the expenses, however we have reduced staff levels, therefore there is no guarantee that this will happen. Reduced demand for our products by our key customer has reduced our sales significantly. With our reduced staff levels, we may not be able to compete. Further, we have not generated sufficient sales volume to cover our overhead costs and generate profits. We have minimized losses by staff reduction; this could result in loss of market share from which we may not be able to recover. We expect that our losses will increase and will continue until such time, if ever, as we are able to successfully manufacture and market our products on a larger scale and therefore generate higher profit margins. We will need to generate a substantial increase in revenues to become profitable. Accordingly, we cannot assure you that we will ever become or remain profitable. In addition, we had an accumulated deficit of $24,947,724 as of December 31, 2005.

We have limited cash available, and may not have sufficient cash to continue our business operations without the additional financing.

To date, we have financed our operations principally through the private placement of shares of common stock. Our current burn rate is approximately $110,000 per month, and we will require substantial additional financing at various intervals for manufacturing, marketing and sales capabilities, our research and development programs, and for operating expenses including intellectual property protection and enforcement. We may seek additional funding from public or private financings, but there is no assurance that such additional funding will be available on terms acceptable to us, or at all. Accordingly, we may not be able to secure the significant funding which is required to maintain and continue development programs at their current levels or at levels that may be required in the future. If we cannot secure adequate financing, we may be required to delay, scale back or eliminate one or more of its development programs or to enter into license or other arrangements with third parties to commercialize products or technologies. Our auditors have

included an "uncertainty paragraph" in their audit report on our financial statements regarding our ability to continue as a going concern.

The report from our independent auditors includes an explanatory paragraph regarding the doubt that we can continue as a going concern.

The auditors' report on our financial statements for the year ended December 31, 2005 includes an explanatory paragraph stating that our losses, lack of cash and otherwise limited financial resources raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is subject to our ability to realize a profit and/or obtain funding from outside sources. Our plan to address our ability to continue as a going concern, include: (1) obtaining additional funding from the sale of securities; (2) increasing revenues from the sales of our products; and (3) obtaining loans and grants from various financial and/or governmental institutions, where possible. Although we believe that we will be able to obtain the necessary funding to allow us to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful.

We will continue to incur losses and may never achieve profitability.

We will continue to incur losses as we engage in the development of our products. There can be no assurance that we will ever be able to achieve or sustain market acceptance, profitability or positive cash flow. Our ultimate success will depend on many factors, including whether our amplifier products will be successfully marketed and accepted by the marketplace. Even with additional capital, we may not be able to execute our current business plan and fund business operations long enough to achieve positive cash flow. Furthermore, we may be forced to reduce our expenses and cash expenditures to a material extent, which would impair our ability to execute our business plan.

Our success relies upon the growth of wireless telecommunications services.

The demand for our products will depend in large part upon continued and growing demand within the wireless telecommunications industry for power amplifiers. During 2005 and 2004, a major downturn occurred in the telecommunications market and recovery has been slow, therefore the demand for our products will remain subject to great uncertainty from quarter to quarter.

Our lack of automated manufacturing processes and our dependence on third party manufacturers could adversely affect our business.

We have consistently reviewed our automated manufacturing needs in order to control our production schedule. To date, we have not established a fully automated manufacturing facility although we have purchased an automated surface mount machine and reflow process oven. Our wireless internet products are manufactured at offshore facilities, which are our sole suppliers. Until such time as we are able to establish such facilities, we expect to be dependent on third party manufacturers. We cannot be sure that these third party manufacturers will be able to fulfill our production commitment. Furthermore, we do not have written agreements with these manufacturers. Our inability to obtain timely deliveries of acceptable assemblies could delay our ability to deliver products to our customers, and would have a material adverse effect on our business, financial condition and results of operations. In addition, if these manufacturers increase their production costs, we may not be able to recover such cost increases under the fixed price commitments with our customers.

Our limited number of suppliers could adversely affect our business.

Power transistors and certain other key components used in our products for our amplifiers, as well as our wireless internet business are currently available from only a limited number of suppliers. Certain of our suppliers have limited operating histories and limited financial and other resources. Our suppliers may prove to be unreliable sources of certain components. Furthermore, we have no written agreements with our suppliers. In the past, we have not purchased key components in large volumes but anticipate that our need for component parts will increase. If we are unable to obtain sufficient quantities of components, particularly power transistors, we could experience delays or reductions in product shipments. Such delays or reductions could have a material adverse effect on our business, financial condition and results of operations. Additionally, such delays or reductions may have a material adverse effect on our relationships with customers and result in the termination of existing orders and/or a permanent loss in our future sales. Our wireless internet products are manufactured at offshore facilities. The lack of supply from this source due to any reason could adversely impact our business.

Our success will rely on our ability to enter into strategic partnerships.

We are currently developing and expect to continue to develop strategic partnerships and other relationships in order to expand our business. The failure to successfully develop such relationships could have a material adverse effect on our business, financial condition and result of operations.

Our success relies on a small number of customers and our sales orders have had a high degree of delays and cancelled orders.

In 2005, one customer accounted for 95% of our sales and 100% of our accounts receivable. In the past few years we have experienced reductions, delays and cancellations in orders from our new and existing customers and we have lost important North American customers. We anticipate that sales of our products to relatively few customers will account for a majority of our 2006 revenues. The reduction, delay or cancellation of orders from one or more of our significant customers would materially and adversely affect our financial condition and results of operation. Moreover, we may experience significant fluctuations in net sales, gross margins and operating results in the future as a result of the uncertainty of such sales.

Our limited marketing experience may adversely affect our business.

We are not sure whether our marketing efforts will be successful or that we will be able to maintain competitive sales and distribution capabilities. In addition, we have limited experience in the marketing and sales of our wireless internet products, and cannot be certain that this sector will grow in revenue as expected, particularly with our reduced staff levels.

Our management owns a significant amount of our outstanding common stock.

Our officers, directors and persons who may be deemed our affiliates beneficially own, in the aggregate, and have the right to vote approximately 42% of our issued and outstanding common stock, not including common stock options they may own. In 2005, control shifted to John Chase Lee, our president and CEO, who loaned us $650,000 in connection with a Note Purchase Agreement. In settlement of these loans, Mr. Lee was issued 130,000 shares of our Series C Convertible Preferred Stock, which is convertible at any time into 13,000,000 shares of common stock. As a result, Mr. Lee holds approximately 33% of our outstanding voting stock on a fully diluted basis. Accordingly, Mr. Lee and

other affiliates may be in a position to affect the election of all of our directors and control the company.

Our compliance with the Sarbanes-Oxley Act and SEC rules concerning internal controls may be time consuming, difficult and costly.

It may be costly, difficult, and time consuming for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications required by the Sarbanes-Oxley Act.

Our success depends on our ability to manage the size of our operations.

We downsized some of our operations in order to maintain competitiveness and reduce our operating losses. We have also explored joint ventures and mergers in order to achieve these results, but have not consummated any such transaction. If we do not increase our sales, decrease overhead expenditure or do not adequately manage the size of our operations, our results of operations will be materially adversely affected.

Declining average sales prices could adversely affect our business.

If wireless internet and telecommunications customers come under increasing price pressure from service providers, we could expect to experience downward pricing pressure on our products. In addition, competition among non-captive amplifier suppliers could increase the downward pricing pressure on our amplifier products. To date, we have not experienced such pressure. As our customers frequently negotiate supply arrangements with us far in advance of product delivery dates, we often must commit to price reductions before we can determine whether cost reductions can be obtained. If we are unable to achieve cost reductions, our gross margins will decline and our business, financial condition and results of operations could be materially and adversely affected.

Rapid technological change and intense competition could adversely affect our business.

The wireless internet and telecommunications equipment industry is extremely competitive and is characterized by rapid technological change, new product development, product obsolescence and evolving industry standards. In addition, price competition in this market is intense and characterized by significant price erosion over the life of a product. Currently, we compete primarily with non-captive suppliers of power amplification products. We believe that our success will be based primarily upon service, pricing, reputation, and our ability to meet product delivery schedules. Our existing and potential customers continuously evaluate whether to manufacture their own amplification products or to purchase such products from outside sources. These customers and other large manufacturers of wireless telecommunications equipment could elect to enter the market and compete directly with us. Many of our competitors have significantly greater financial, technical, manufacturing, sales and marketing capabilities and research and development personnel and other resources than us and have achieved greater name recognition of their existing products and technologies. In order for us to successfully compete, we must continue to develop new products, keep pace with advancing technologies and competitive innovations and successfully market our products. Our inability to successfully compete against our larger competitors will have a materially adverse affect on our business,

financial condition and operations.

In addition, we are not sure whether new products or alternative technology will render our current or planned products obsolete or inferior. Rapid technological development by others may result in our products becoming obsolete before we recover a significant portion of the research, development and commercialization expenses we incurred with respect to those products.

Our business will be adversely affected if we do not keep up with the rapid technological change, evolving industry standards and changing user requirements.

To be successful, we must adapt to our rapidly changing market by continually enhancing the technologies used for communications. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner in response to changing market conditions or user requirements, our business could be materially adversely affected. Significant issues concerning the commercial use of communication technologies, including security, reliability, cost, ease of use and quality of service, remain unresolved and may inhibit the growth of businesses relying on the Internet. Our future success will depend, in part, on our ability to meet these challenges. Among the most important challenges facing us is the need to:

- effectively use established technologies;
- continue to develop our technical expertise; and
- respond to emerging industry standards and other technical changes.

All of these changes must be met in a timely and cost-effective manner. We cannot assure you that we will succeed in effectively meeting these challenges and our failure to do so could materially and adversely affect our business.

Risks associated with sales outside of the United States may adversely affect our business.

International sales represented close to 100% of our net revenues for the years ended December 31, 2005 and 2004. We expect that international sales will continue to account for a significant portion of our net revenues in the future. To the extent that we do not achieve and maintain substantial international sales, our business, results of operations and financial condition could be materially and adversely affected.

Sales of our products outside of the United States are denominated in U.S. dollars. An increase in the value of the U.S. dollar relative to foreign currencies would make our products more expensive and, therefore, potentially less competitive outside the United States. Additional risks inherent in our sales abroad include:

- the impact of recessionary environments in economies outside the United States;
- generally longer receivables collection periods;
- unexpected changes in regulatory requirements;
- tariffs and other trade barriers;
- potentially adverse tax consequences;
- reduced protection for intellectual property rights in some countries;
- the burdens of complying with a wide variety of foreign laws.

These factors may have an adverse effect on our future international sales

and, consequently, on our business, financial condition and results of operations.

Our operating results may vary from quarter to quarter in future periods, and as a result, our stock price may fluctuate or decline.

Our quarterly operating results may fluctuate significantly in the future due to a variety of factors that could affect our revenues or our expenses in any particular quarter. Factors that may affect our quarterly results include:

- our ability to attract and retain customers;
- development of competitive products;
- the short term nature of manufacturing and engineering orders to date;
- unforeseen changes in operating expenses;
- the loss of key employees; and
- unexpected revenue shortfalls.

A substantial portion of our operating expenses is related to personnel costs and overhead, which we cannot adjust quickly and are therefore relatively fixed in the short term. Our operating expense levels are based, in significant part, on our expectations of future revenues on a quarterly basis. If actual revenues are below our expectations, our results of operations and financial condition would be materially and adversely affected because a relatively small amount of our costs and expenses are proportionate with revenues in the short term.

Due to all of the foregoing factors and the other risks discussed in this Annual Report, it is possible that in some future periods our results of operations may be below the expectations of investors and public market analysts which may cause our stock price to fluctuate or decline.

We are dependent upon management and technical personnel.

Due to the specialized nature of our business, we are highly dependent on the continued service of, and on our ability to attract and retain, qualified technical and marketing personnel, particularly those involved in the development of new products and processes and the manufacture and enhancement of our existing products. In addition, as part of our team-based sales approach, we dedicate specific design engineers to service the requirements of individual customers. The loss of any such engineer could adversely affect our ability to obtain future purchase orders from the customers to which such engineer was dedicated. We have employment or non-competition agreements with most of our current design engineers and test technicians. The competition for such personnel is intense, and the loss of any such persons, as well as the failure to recruit additional key technical personnel in a timely manner, could have a material adverse effect on our business, financial condition and results of operations.

We rely on the ability to protect proprietary technology; risk of third party claims of infringement may affect our business.

Our ability to compete successfully and achieve future revenue growth will depend, in part, on our ability to protect proprietary technology and operate without infringing upon the rights of others. Although there are no pending lawsuits regarding our technology or notices that we are infringing upon intellectual property rights of others, litigation or infringement claims may occur in the future. Such litigation or claims could result in substantial costs, and diversion of resources and could have a material adverse effect on our business, financial condition, and results of operations. We generally enter

into confidentiality and non-disclosure agreements with our employees and limit access to and distribution of proprietary information. However, we cannot be sure whether such measures will provide adequate protection for our trade secrets or other proprietary information, or whether our trade secrets or proprietary technology will otherwise become known or independently developed by our competitors. Our failure to protect proprietary technology could have a material adverse effect on our business, financial condition and results of operations.

We do not plan to pay dividends on our common stock.

We have never paid any dividends on our common stock and do not intend to pay dividends on our common stock in the foreseeable future. Any earnings that we may realize in the foreseeable future will be retained to finance our growth.

Governmental regulations and environmental regulations can have a large impact on our business.

Our customers must obtain regulatory approval to operate their base stations. The United States Federal Communications Commission has regulations that impose stringent radio frequency and microwave emissions standards on the telecommunications industry. Our customers are required to comply with such regulations. The failure of our customers to comply with these regulations could materially adversely affect our business, financial condition and results of operations. We manufacture products according to specifications provided by our customers, which specifications are required to comply with applicable regulations. We do not believe that costs involved with manufacturing to meet specifications will have a material impact on our operations. We cannot be sure whether the adoption of future regulations would have a material adverse affect on our business.

We are subject to Federal, state and local governmental regulations relating to the storage, discharge, handling, emissions, generation, manufacture and disposal of toxic or other hazardous substances used to manufacture our products. We believe that we are currently in compliance in all material respects with such regulations. Failure to comply with current or future regulations could result in the imposition of substantial fines on our company, suspension of our production, alteration of our manufacturing process, cessation of our operations or other actions, which could materially and adversely affect our business, financial condition and results of operations.

Our common stock may be considered "a penny stock."

The SEC has adopted regulations that generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors hereunder to sell their shares. In addition, since our common stock is traded on the OTC Bulletin Board, investors may find it difficult to obtain accurate quotations of the stock and may experience a lack of buyers to purchase such stock or a lack of market makers to support the stock price.

There are risks associated with our stock trading on the OTC Bulletin Board rather than a national exchange.

There are significant consequences associated with our stock trading on the OTC Bulletin Board rather than a national exchange. The effects of not being able to list our securities on a national exchange include:

- Limited release of the market prices of our securities;
- Limited news coverage of us;
- Limited interest by investors in our securities;
- Volatility of our stock price due to low trading volume;
- Increased difficulty in selling our securities in certain states due to "blue sky" restrictions;
- Limited ability to issue additional securities or to secure financing.

Anti-takeover provisions may adversely affect the value of our outstanding securities.

In 2005, we designated 500,000 shares of Series C Convertible Preferred Stock and issued 140,000 shares of such stock in settlement of loans. Pursuant to our Certificate of Incorporation, our Board of Directors may designate up to 4,500,000 additional shares of preferred stock in the future with such preferences, limitations and relative rights as they may determine without stockholder approval. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock outstanding or that may we may issue in the future. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying or preventing a change in control of our company without further action by the stockholders. In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits us from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the persons became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 also could have the effect of delaying or preventing a change of control of our company.

Additional authorized shares of common stock and preferred stock available for issuance, and shares of common stock issuable upon exercise or conversion of outstanding options and warrants may adversely affect the market.

We are authorized to issue 100,000,000 shares of our common stock. As of December 31, 2005, there were 23,338,267 shares of our common stock issued and outstanding, which amount does not include:

- 20,000 warrants exercisable at $1.00 through May 2010
- 75,000 warrants exercisable at $.96 through March 2007
- 1,350,000 options exercisable at $.15 through May 31, 2009
- 50,000 options exercisable at $.20 through March 31, 2006

As of December 31, 2005 we had at least 55,516,733 shares of authorized but unissued common stock available for issuance without further shareholder approval after taking into consideration the following: exercise of the above options and warrants totaling 1,495,000 shares, exercise of options granted to our securities lawyer of 1,000,000 shares, additional private placement shares of 5,550,000 issued in 2006, and conversion of 140,000 preferred shares into 14,000,000 common shares. Any issuance of additional shares of our common stock may cause our current shareholders to suffer significant dilution, which may adversely affect the market for our securities.

In addition, we have 5,000,000 shares of authorized preferred stock. While we have no present plans to issue any additional shares of preferred stock, our Board of Directors has the authority, without shareholder approval, to create and issue one or more series of such preferred stock and to determine the voting, dividend and other rights of holders of such preferred stock. At December 31, 2005, we had 140,000 shares of Series C Convertible preferred shares outstanding, which were issued in 2005 to John C. Lee and a business associate of Lee in full payment of convertible promissory notes of $650,000. Additional issuances of any of our preferred stock could have an adverse effect on the holders of our common stock.

Limitation on director liability may adversely affect the value of our common stock.

As permitted by Delaware law, our Certificate of Incorporation limits the liability of our directors for monetary damages for breach of their fiduciary duty except for liability in certain instances. As a result of our charter provision and Delaware law, you may have limited rights to recover against our directors for breach of their fiduciary duty.

Item 2. Description of Property.

The Company leases approximately 11,000 square feet, at 59 LaGrange Street, Raritan, NJ 08869 from Tek Ltd., a company wholly owned by John C. Lee. These premises serve as the Company's executive offices and manufacturing facility. The current lease terminates on December 31, 2007 and provides that the Company pay monthly rent in the amount of $5,500 for 2005, $5,750 for 2006, and $ 6,000 for 2007.

Item 3. Legal Proceedings.

From time to time, the Company is party to what it believes are routine litigation and proceedings that may be considered as part of the ordinary course of its business. Other than as set forth below, the Company is not a party to any material pending litigation or governmental proceedings that, management believes, would result in judgments or fines that would have a material adverse effect on the Company.

The Company is or was a party to the following matters:

1. A customer filed a complaint in the Circuit Court of the Eighteenth Judicial District of the State of Florida on January 23, 1997 alleging breach of contract. During 2000, the Company settled with that customer at a cost of $175,000; $25,000 is to be paid quarterly over two years. $95,000 remained unpaid at December 31, 2005.

2. In April 2004, a law firm filed a judgment against the Company in the amount of approximately $40,000 in connection with non-payment of legal fees owed to it. Inasmuch as this is a perfection of an already recorded liability, management does not believe that the judgment will have a material impact on the financial position of the Company. In March 2005, a settlement was reached whereby the Company made a down payment of $2,500 and agreed to pay the balance in 24 equal monthly installments of approximately $1,600.

4. In June 2004, the Company entered into a Settlement Agreement with Wayne Fogel, et al, before the United States District court in Tampa, Florida. The settlement provides for the following obligations by the Company to Mr. Fogel:

(1) payment of $12,000 by July 14, 2004; (2) issuance of 250,000 shares of restricted common stock by July 14, 2004 and; (3) the shipment of specified items of inventory valued at approximately $22,000. The agreement further called for the issuance of common stock of one share for each $1 of inventory not delivered in lieu of the inventory in the event the company cannot deliver. Since non-delivery of the specified items is definite, the financial statements provide for the issuance of 22,000 additional shares. All shares in connection with this transaction were valued at the publicly traded market value of $.05 on the date of the settlement, less a discount of 40% for the restriction on sale, with a provision for a loss provided for by the Company during the year ended December 31, 2004. On November 8, 2005, 250,000 shares were issued in connection with this settlement.

Item 4. Submission of Matters To a Vote of Security Holders

On August 31, 2005, holders of approximately 51% of the Company's outstanding shares of common stock, adopted, by written consent, resolutions authorizing the Company to (a) effectuate an increase in the authorized shares of common stock from 25,000,000 to 100,000,000, and increase the authorized shares of preferred stock from 1,000,000 to 5,000,000; (b) change our name to Wi-Tron, Inc.; and (c) ratify and approve the Company's 2005 Stock Option Plan.

PART II

Item 5. Market For Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

The Company's common stock commenced trading on the NASDAQ Small Cap Market on January 22, 1997. The common stock was regularly quoted and traded on the NASDAQ Small Cap Market under the symbol AMPD, through January 13, 2003. The common stock currently trades on the OTC Bulletin Board under the symbol WTRO.OB.

The following table sets forth the range of high and low closing prices for the Company's common stock for fiscal years 2005 and 2004 and for the period of January 1, 2006 up to March 31, 2006 as reported by the OTCBB. The trading volume of the Company's securities fluctuates and may be limited during certain periods. As a result, the liquidity of an investment in the common stock may be adversely affected.

Common Stock

	High	Low
January 1 - March 31, 2006	.18	.10
2005 Calendar Year		
January 1 - March 31	.04	.02
April 1-June 30	.27	.02
July1-September 30	.30	.18
October 1-December 31	.20	.09
2004 Calendar Year		

January 1-March 31	.20	.04
April 1-June 30	.12	.04
July 1-September 30	.09	.05
October 1-December 31	.08	.03

On March 31, 2006, the closing price of the common stock as reported on OTCBB was $.18 On March 31, 2006 there were 30,113,267 shares of common stock outstanding, held of record by approximately 1,400 record holders (not including 5,816,043 shares held in street name).

Dividends

We have not declared or paid a cash dividend to stockholders since our incorporation, and have no intention to do so in the future.

Recent Sales of Unregistered Securities

Sales in 2006 and 2005 not previously reported on a Current Report on Form 8-K, or on a Quarterly Report on Form 10-QSB.

On December 12, 2005, the Company issued a total of 600,000 shares to four accredited investors resident in the United States pursuant to Rule 506 of Regulation D. Pursuant to a Term Sheet dated August 5, 2005, the Company offered Units, each Unit consisting of (a) 100,000 shares of the common stock, and (b) a $50,000 6% promissory note. The Units were sold at a price of $56,000 each for total gross proceeds of $336,000.

On March 31, 2006, the Company agreed to issue 625,000 shares of common stock to the spouse of John Chase Lee, the Company's president, chief executive officer, and director, for a total purchase price of $50,000. The proceeds were used for operating expenses.

Neither we nor any person acting on our behalf offered or sold the foregoing securities by means of any form of general solicitation or general advertising. All purchasers represented in writing that they acquired the securities for their own accounts. A resale legend has been provided for the stock certificates stating that the securities have not been registered under the Securities Act of 1933 and cannot be resold or otherwise transferred without registration or an exemption (such as that provided by Rule 144).

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations - Fiscal Year ended December 31, 2005 compared to Fiscal Year ended December 31, 2004.

Revenues for the fiscal year ended December 31, 2005 decreased by $272,303 from $743,790 to $471,487, or 37% compared to the fiscal year ended December 31, 2004. This was due to build up of inventory and reduced demand during the previous year at our major customer. The decline is largely represented by the decrease in sales to North American customers, which went down to approximately $13,000 in 2005 from approximately $201,000 in 2004, a decrease of approximately $188,000 or 94%.

The majority of the amplifier sales for the year ended December 31, 2005 were obtained from the Wireless Local Loop amplifier products to its European customer.

The Company has continued to develop and refine its amplifier products for the wireless communications market. Sales and marketing efforts have been focused on Asian markets.

Cost of sales was $626,003 or 133% of sales (including an inventory write-down of $129,906) during the year ended December 31, 2005, compared to 104% during the same period for 2004 as restated. Our fixed overhead costs are relatively high for our current sales volume. Excluding the inventory write-down, the cost of sales for the year ended December 31, 2005 as restated was $496,097 or 105% of sales. The decline in gross margin was principally due to the lowered production while staff levels were maintained in preparation for new product production. The Company is continuing to assess cost reduction of its products and sales volume increases to improve gross margins in 2006.

Selling, general and administrative expenses increased in 2005 by $53,797 to $603,211 from $549,414, as restated in 2004. Expressed as a percentage of sales, the selling, general and administrative expenses (excluding stock based compensation) were 128% in 2005 and 74% in 2004. The principal factors contributing to the increase in selling, general and administrative expenses were related to increases in the costs of consultants and travel expenses connected with the Company's marketing efforts in Asia.

Research, engineering and development expenses were $552,076 representing 117% of net sales in 2005 compared to $256,175 representing 34% of net sales in 2004 an increase of $295,901 or 116%. In 2005 and 2004, the principal activity of the business related to the design and production of product for OEM manufacturers, particularly for the W-CDMA amplifier. The research, engineering and development expenses consist principally of salary cost for engineers and the expenses of equipment purchases specifically for the design and testing of the prototype products. The Company's research and development efforts are influenced by available funds and the level of effort required by the engineering staff on customer specific projects. The Company used much of the proceeds from private placements to increase its research spending to develop and refine its products.

The Company had other income in 2004 of $4,535. Other income was $NIL in 2005.

The Company also sold New Jersey Net operating loss carryforwards pursuant to the New Jersey Technology Certificate Transfer Program, receiving $73,126 in 2005 and $129,317 in 2004.

Interest expense was $8,092 in 2005 principally related to $300,000 of convertible notes issued in private placements in 2005; whereas, the $1,200 in 2004 related to other convertible notes converted into common stock in 2005.

Actual and estimated litigation settlement costs (see financial statement Note G - Litigation) have been provided in 2004, to reflect the actual cost of the settlement of the Fogel matter in 2004, for which we provided a charge of $20,460.

There was no stock compensation cost for 2005 or 2004.

As a result of the foregoing, the Company incurred net losses of $1,318,735 or $0.09 per share for the year ended December 31, 2005 compared with net losses of $768,878 or $0.07 per share for the same period in 2004.

Liquidity and Capital Resources

Liquidity refers to our ability to generate adequate amounts of cash to meet our needs. We have been generating the cash necessary to fund our operations from continual loans from the John Lee and private placements. We have incurred a loss in each year since inception. It is possible that we will incur further losses, that the losses may fluctuate, and that such fluctuations may be substantial. As of December 31, 2005, we had an accumulated deficit of $24,947,724. Potential immediate sources of liquidity are private placements of common stock.

As of December 31, 2005, our current liabilities exceeded our cash and receivables by $1,283,582. Our current ratio was 0.12 to 1.00, but our ratio of accounts receivable to current liabilities was only 0.02 to 1.00. This indicates that we will have difficulty meeting our obligations as they come due. We are carrying $108,591 in inventory, of which $58,177 represents component parts. Based on last year's usage, we are carrying 54 days worth of parts inventory. Because of the lead times in our manufacturing process, we replenish many items before we use everything we now have in stock. Accordingly, we will need more cash to replenish our component parts inventory before we are able realize cash from all of our existing inventories.

As of December 31, 2005, we had cash in banks of $34,998 compared to $122,234 at December 31, 2004, while overall our cash position declined by $87,236 during 2005. This balance is not sufficient for our operations and we are dependent on private placement funds to cover our working capital needs. Our cash used for operating activities was $1,167,083, excluding the benefit of salary deferrals by officer/stockholders of $62,635. This year we repaid loans of to officers of $8,141.

Because of our small number of customers and low sales volume, accounts receivable balances and allowances for doubtful accounts do not reflect a consistent relationship to sales. We determine our allowance for doubtful accounts based on a specific customer-by-customer review of collectiblity. Provision for doubtful accounts decreased from $21,260 in 2004 to $NIL in 2005.

Our inventories decreased by $201,042 to $108,591 in 2005 compared to $309,633 in 2004, a decrease of 65% We believe that the reasons for the decreased inventories was largely due to the $129,906 of write-downs of obsolete parts and the fact that vendor relations have not allowed us to stock up on parts in advance because we are on C.O.D. terms with most vendors.

The Company has a lease obligation for its premises requiring minimum monthly payments of approximately $5,750 to $6,000 through 2008.

Although the Company did not convert salaries to officers through the issuance of Common Stock in 2005 or 2004, it may to do so in 2006. To help alleviate the cash flow difficulties, officers agreed to defer an aggregate of $62,635 of salaries.

The Company continues to explore strategic relationships with customers and others, which could involve jointly developed products, revenue-sharing models, investments in or by the Company, or other arrangements. There can be no assurance that a strategic relationship can be consummated.

In the past, the officers of the Company have deferred a portion of their salaries or provided loans to the Company to meet short-term liquidity

requirements. Where possible, the Company has issued stock or granted warrants to certain vendors in lieu of cash payments, and may do so in the future. There can be no assurance that any additional financing will be available to the Company on acceptable terms, or at all. If adequate funds are not available, the Company may be required to delay, scale back or eliminate its research, engineering and development or manufacturing programs or obtain funds through arrangements with partners or others that may require the Company to relinquish rights to certain of its technologies or potential products or other assets. Accordingly, the inability to obtain such financing could have a material adverse effect on the Company's business, financial condition and results of operations.

With insufficient cash reserves and reduced revenues, we believe that we will have great difficulty meeting our working capital needs over the next 12 months. The Company is presently dependent on cash flows generated from sales and financing from private placements. Our failure to enter into additional private placements of securities, consummate a merger with an appropriate partner or to substantially improve our revenues will have serious adverse consequences and, accordingly, there is substantial doubt in our ability to remain in business over the next 12 months. There can be no assurance that any financing will be available to the Company on acceptable terms, or at all. If adequate funds are not available, the Company may be required to delay, scale back or eliminate its research, engineering and development or manufacturing programs or obtain funds through arrangements with partners or others that may require the Company to relinquish rights to certain of its technologies or potential products or other assets. Accordingly, the inability to obtain such financing could have a material adverse effect on the Company's business, financial condition and results of operations.

Controls and Procedures

Under the supervision and with the participation of our management, including the former Chief Executive and Principal Accounting officer, we have evaluated the effectiveness of the design and operation of our disclosure controls pursuant to Exchange Act Rule 13a-14(c) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive and Principal Accounting Officer concluded that the Company's disclosure controls and procedures are not effective in timely alerting him to material information required to be included in the Company's periodic SEC filings relating to the Company. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls subsequent to the date of my most recent evaluation, although management is working on improvements.

Our management does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their cost. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud within the Company, if any, will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that a breakdown can occur because of a simple error. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

Critical Accounting Policies

1. REVENUE RECOGNITION

Revenue is recognized upon shipment of products to customers because our shipping terms are F.O.B. shipping point. And there are generally no rights of return, customer acceptance protocols, installation or any other post-shipment obligations. All of our products are custom built to customer specifications. We provide an industry standard one-year limited warranty under which the customer may return the defective product for repair or replacement.

Returns received under warranty are not material relative to sales, nor are the costs to repair. All sales are final, except for warranty repair/replacement and there is no price protection. In addition, the only company post-shipment obligation is for warranty repair and replacement. Finally, we do not install product or provide services for a fee.

2. INVENTORIES

Inventories are stated at the lower of cost or market; cost is determined using the first?in, first?out method. As virtually all of our products are made to customer specifications, we do not keep finished goods in stock except for completed customer orders that have not been shipped. Our work-in-progress generally consists of customer orders that are in the process of manufacture but are not yet complete at the period end date. We review all of our components for obsolescence and excess quantities on a periodic basis and make the necessary adjustments to net realizable value as deemed necessary.

3. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Because of our small customer base, we determine our allowance for doubtful accounts based on a specific customer-by-customer review of collectiblity. Therefore, our allowance for doubtful accounts and our provision for doubtful accounts may not bear a consistent relationship to sales but we believe that this is the most accurate and conservative approach under our circumstances.

4. 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 estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal areas that we use estimates in are: allowance for doubtful accounts; work-in-process percentage of completion; accounting for stock based employee compensation; and inventory net realizable values.

5. STOCK-BASED EMPLOYEE COMPENSATION

Stock-based employee compensation is accounted for under the intrinsic value based method as prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations as clarified by Financial Interpretation No. 44 (FIN 44), Accounting for Certain Transactions Involving Stock Compensation.

Under the fair value method, the Company's net loss and loss per share would have been as follows:

	2005	2004
Net loss	$ (1,406,279)	$ (923,061)
Loss per share	$ (0.09)	$ (0.09)

6. LOSS PER SHARE

Statement of Financial Accounting Standards No.128 (SFAS No. 128), Earnings per Share, specifies the computation, presentation and disclosure requirements for earnings per share for entities with publicly held common stock or potential common stock.

Net loss per common share - basic and diluted is determined by dividing the net loss by the weighted average number of shares of common stock outstanding. Net loss per common share - diluted does not include potential common shares derived from stock options and warrants because they are antidilutive.

7. SEGMENT INFORMATION

The Company commenced its wireless Internet connectivity business in the summer of 2000. The Company does not measure its operating results, assets or liabilities by segment. We presented certain segment information representing sales and inventories for our amplifier and internet segments. However, this information is becoming less relevant as we begin to move away from the internet business and concentrate on our core competence, which is in the amplifier business.

Item 7. Financial Statements.

See financial statements following Item 13 of this Annual Report on Form 10-KSB.

Item 8. Changes in and Disagreement With Accountants On Accounting And Financial Disclosure.

None.

Item 8a: Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures:

1. Management is responsible for establishing and maintaining adequate disclosure controls and procedures.

2. Wi-Tron, Inc. carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive and Principal Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive and Principal Accounting Officer concluded that the Company's disclosure controls and procedures were not effective as of the original filing of the December 31, 2004 Form 10KSB in timely alerting him to

material information required to be included in the Company's periodic SEC filings relating to the Company. Our conclusions regarding the deficiencies appear in the next item.

3. Our controls relating to disclosure and related assertions in the financial statements, particularly in the area of non-routine and non-systematic transactions were not adequate.

- We had particular difficulty in recording transactions related to stockholders' equity and tracking and recording related charges to operations.

- We further found that while the controls over initiating and recording routine transactions were adequate, we had inadequate procedures to determine the continued existence of recorded balances in the area of trade accounts payable. The finding of this weakness resulted in the restatement of the Company's annual 2003 and 2004 financial statements to correct for previously recorded liabilities that were no longer due and payable that should have already been written off in those years. We believe that we have corrected this deficiency and will continue to carefully monitor the proper application of this control.

  - The liabilities written off in some cases represented amounts where the creditor failed to or elected not to pursue collection from the Company in its strained financial circumstances. For example, certain legal and consulting fees incurred were not paid. In other cases, amounts related to erroneously recorded premiums for cancelled employee healthcare benefit and other policies were not paid.

- We found that our ability to track our inventory quantities and to correctly apply complex pricing calculations to finished goods and work-in-progress is inadequate and resulted in substantial additional adjustments. Furthermore, we discovered that lower of cost or market tests were not adequately applied and we needed to apply substantial downward adjustments to the carrying amounts of pre-production units which carried substantial labor costs, much of which should have been charged to research and development.

- We are currently unable to produce our financial statements and periodic filings without the assistance of a third-party financial accounting consulting firm who needs to apply substantial adjustments to our records to produce accurate financial statements.

(b) Changes in Internal Controls Over Financial Reporting:

1. Effective with the Company's filing of a Form 10QSB for the six months ended June 30, 2005 made on August 22, 2005, we changed the procedures management now uses to determine and evaluate the continued existence of liabilities to assure that the financial statements present only those liabilities that are properly due and payable.

2. Controls essentially put in place, effective August 22, 2005, require careful review of Accounts Payable aging reports by the Company's Controller on at least a quarterly basis, coincident to the Company filing Forms 10KSB and 10QSB, specifically for vendor amounts that remain unpaid for periods approaching or exceeding 90 days from the date incurred.

3. We engaged the services of a third-party financial accounting consulting firm to help us produce our financial statements and periodic filings.

4. There were no changes in Internal Controls put in place during the fourth quarter of the year ended December 31, 2004. That is because the weakness identified related to evaluation of recorded trade accounts payable was not identified until the filing of the Company's 10QSB for the three months ended March 31, 2005, and we determined the appropriate controls necessary to respond to this weakness after carefully completing our investigation of the facts related thereto in conjunction with filing Form 10QSB for the six months ended June 30, 2005. Based on the nature of the weakness we believe the controls put in place will satisfactorily remediate them for the Company going forward.

PART III

Item 9. Directors, Executive Officers, Promoters And Control Persons; Compliance with Section 16(a) of the Exchange Act.

The names and ages of the directors and executive officers of the Company as of the date of this filing are set forth below:

Name	Age	Position(s) with the Company
John Chase Lee*	76	Chief Executive Officer, President, and Director.
Tarlochan Bains*	56	Vice President - Amp Division, and Director
Jessica Hye Lee	44	Chief Financial Officer, Secretary, and Director
Joong Bin Lee	51	Vice President - Korea Division
Devendar S. Bains	55	Chief Technology Officer
Mikio Tajima	72	Director

* Member of the Compensation Committee and Audit Committee.

John Chase Lee is not related to Jessica Hye Lee or Joong Bin Lee. Jessica Hye Lee and Joong Bin Lee are husband and wife. Tarlochan Bains and Devendar S. Bains are brothers.

Background of Executive Officers and Directors

John Chase Lee has served as Chief Executive Officer, President, and a Director

since June 2005. From September 2004 to June 2005, he served solely as a director. He has serves as President of Tek, Ltd., a distribution company doing most of its business in South Korea. Mr. Lee has had many and diverse executive positions and business ownership experiences. Mr. Lee has three Masters (M. Div from Princeton Seminary, M.A. from U of Oregon, and MCRP from Rutgers University).

Tarlochan Bains has served as Vice President - Amp Division since June 2005. He has served as a Director since 1995. From September 2004 to June 2005, Mr. Bains served as Chief Executive Officer and Treasurer. From March 2000 to September 2004, he served as Vice President of Operations_. From 1991 through March 2000, he was the Company's Vice President of Sales and Marketing. Previously, Mr. Bains was Technical Manager at Land Rover in Solihull, England. He has a Higher National Diploma in Mechanical Engineering from Hatfield Polytechnic, England and a Masters Degree in Automotive Engineering from Cranfield Institute of Technology, England. Mr. Bains is the brother of Devendar S. Bains and the brother-in-law of Nirmal Bains.

Jessica Hye Lee has served as Chief Financial Officer, Secretary, and a Director since June 2005. From September 2004 to June 2005, she served as Secretary and director. Since 1997, Ms. Lee has been managing and operating her own accounting firm in Princeton, NJ, and has assisted with accounting and finance for number of companies in New Jersey. Ms. Lee received a BA from Yonsei University in Seoul, Korea, and an MBA from Rutgers University.

Joong Bin Lee has served as Vice President - Korea Division since June 2005. For the past fourteen years, Mr. Lee had been employed by Lucent Technologies in its Wireless Business Unit in Whippany, New Jersey. Mr Lee is a graduate of Yonsei University, Seoul, Korea. Mr. Lee will head Wi-Tron's penetration of South Korea market for recently developed W-CDMA amplifiers.

Devendar S. Bains has served as Chief Technology Officer since June 2005. Since the Company's inception in 1988, Mr. Bains served as Chairman of the Board, Chief Executive Officer, Treasurer and a Director. He was also President of the Company from inception through September 2001. From 1983 to 1988 Mr. Bains was Group Project Leader of Amplifier division of Microwave Semiconductor Corporation. Previously, Mr. Bains was employed at G.E.C. in Coventry, England. Mr. Bains received a Bachelors Degree in Electronic Engineering from Sheffield University, England, and a Masters Degree in Microwave Communications from the University of Leeds and Sheffield, England. Mr. Bains is the brother of Tarlochan Bains and the husband of Nirmal Bains.

Mikio Tajima has served as a Director since September 2005. Mr. Tajima held several positions with the United Nations, including his last position as Director of Economic Policy and Social Development. He received a degree in Economics and International Relations both in Japan and UC in Berkeley, CA, and a M.A. from Columbia University in International Administration and Organization.

Audit Committee

We do not have a formal audit committee. The board, in lieu of a formal audit committee, reviews, among other matters, the professional services provided by the Company's independent auditors, the independence of such auditors from management of the Company, the annual financial statements of the Company and the Company's system of internal accounting controls. The audit committee also reviews such other matters with respect to the accounting, auditing and financial reporting practices and procedures of the Company as it

may find appropriate or as may be brought to its attention. The audit committee adopted an audit committee charter in 2002 and intends to adopt a new charter, which conforms to the requirements of the Sarbanes-Oxley Act of 2002.

The financial expert on the board of directors is Jessica Hye Lee, a certified public accountant with over 20 years of experience.

The board, in lieu of a formal audit committee has reviewed and discussed the audited financial statements included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005.

For the year ended December 31, 2005, the Company incurred professional fees to its auditors in the amount of $41,092, all of which related to auditing and quarterly review services. No non-audit services have been provided to the Company by its current auditor.

Each non-employee director of the Company is entitled to receive reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors of the Company. Directors who are employees of the Company are not paid any fees or other remuneration for service on the Board or any of the committees. Each non-employee director may receive options to purchase Common Stock or other remuneration. The members of the Board of Directors intend to meet at least quarterly during the Company's fiscal year, and at such other times duly called.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

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 ten percent (10%) of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, John Chase Lee and Jessica Hye Lee did not timely file reports under Section 16(a). All required reports have since been filed.

Communications by Shareholders to Directors

The Company does not have a formal process to handle communications from shareholders to directors.

Item 10. Executive Compensation

Compensation of Directors and Executive Officers

Summary Compensation Table

The following table sets forth the aggregate compensation paid by the Company for the years ended December 31, 2005, 2004 and 2003 for its Chief Executive Officer and Vice President, respectively. Each non-employee director of the Company is entitled to receive reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors of the Company.

Name and Principal Position	Year	Annual Compensation			Lo Com Awards	Sec Und Op SA
		Salary ($)	Bonus ($)	Other Annual Compensation	Restricted Stock Awards	
John C. Lee Chief Executive Officer And Director	2005	$ 24,000( )	--			
Devendar S. Bains, Chief technology officer	2005 2004 2003	$121,000(6) $140,250(5) $162,000(2)	-- -- --	$20,000 (1) $20,000 (1) $20,000 (1)		
Tarlochan Bains, Vice President and Director	2005 2004 2003	$ 90,000(7) $100,000(4) $100,000(3)	-- -- --			

(1) Represents payment for health insurance and automobile insurance/lease payments on behalf of such individual but does not include deferred compensation.
(2) Of the salary, $22,293 was paid and $139,707 was accrued but not paid in the year ended December 31, 2003. Does not include $50,000 paid to Nirmal Bains, the wife of Devendar Bains.
(3) Of the salary, $55,719 was paid and $44,281 was accrued but not paid in the year ended December 31, 2003.
(4) Of the salary, $9,331 was accrued but unpaid at December 31, 2004.
(5) Of the salary, $58,000 was accrued but unpaid at December 31, 2004. Does not include $50,000 paid to Nirmal Bains, the wife of Devendar Bains.
(6) Of the salary, $46,000 was accrued but unpaid at December 31, 2005. Does not include $50,000 paid to Nirmal Bains, the wife of Devendar Bains.
(7) Of the salary, $10,000 was accrued but unpaid at December 31, 2005.

Employment Agreements

The Company entered into employment agreements with each of Devendar Bains (Chairman, Chief Executive Officer and Treasurer), Tarlochan Bains (Vice President - Operations), and Nirmal Bains (Secretary), which, as extended, now expire on April 30, 2005. The employment agreements provide for annual base salaries of $162,000, $100,000 and $50,000 with respect to Devendar Bains, Tarlochan Bains and Nirmal Bains, respectively. The employment agreements provide for discretionary bonuses to be determined in the sole discretion of the Board of Directors and contain covenants not to compete with the Company following termination of employment.

In June 1998, the Company issued 40,000 shares of Common Stock to Devendar S. Bains, the Company's President and Chief Executive Officer, in consideration

of the forgiveness by Mr. Bains of $50,000 of accrued salary owed to him.

On December 31, 1998, accrued and unpaid salary in the aggregate amount of $195,000 owed as of September 30, 1998 to Devendar S. Bains ($117,000), Tarlochan Bains ($54,600) and Nirmal Bains ($23,400), were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 104,000, 48,533 and 20,800 shares, respectively, to such persons (based upon the closing sales price of the Common Stock as of September 30, 1998).

On March 31, 1999, accrued and unpaid salary in the aggregate amount of $20,717 owed as of December 31, 1998 to Devendar S. Bains ($10,566), Tarlochan Bains ($6,629) and Nirmal Bains ($3,522) were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 4,025, 2,526 and 1,342 shares, respectively, to such persons (based upon the closing sales price of the Common Stock as of March 31, 1999).

On March 31, 1999, accrued and unpaid salary in the aggregate amount of $41,920 owed as of March 31, 1999 to Devendar S. Bains ($14,346), Tarlochan Bains ($25,474) and Nirmal Bains ($2,100) were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 5,465, 9,704 and 800 shares, respectively, to such persons (based upon the closing sales price of the Common Stock as of March 31, 1999).

On June 30, 1999, accrued and unpaid salary in the aggregate amount of $57,546 owed as of June 30, 1999 to Devendar S. Bains ($27,424), Tarlochan Bains ($22,822) and Nirmal Bains ($7,300) were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 15,398, 12,815 and 4,099 shares, respectively, to such persons (based upon the closing sales price of the Common Stock as of June 30, 1999).

On September 30, 1999, accrued and unpaid salary in the aggregate amount of $38,541 owed as of September 30, 1999 to Devendar S. Bains ($20,885), Tarlochan Bains ($12,986) and Nirmal Bains ($4,700), were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 3,358, 2,088 and 756 shares, respectively, to such persons (based upon the closing sales price of the Common Stock on September 29, 1999).

On December 31, 1999, accrued and unpaid salary in the aggregate amount of $22,369 owed as of December 31, 1999 to Devendar S. Bains ($14,346), Tarlochan Bains ($5,923) and Nirmal Bains ($2,100), were forgiven. In consideration of such forgiveness of accrued salary, the Company issued 3,566, 1,060 and 376 shares, respectively, to such persons (based upon the closing sales price of the Common Stock on December 31, 1999).

There was no conversion of unpaid salary into equity from 2000 to 2004.

Stock Option Plans and Agreements

Option Plan - In May 1996, the Directors of the Company adopted and the stockholders of the Company approved the adoption of the Company's 1996 Stock Option Plan (the "1996 Option Plan"). The 1996 Option Plan provided for the issuance of 2,225,000 options. The purpose of the 1996 Option Plan was to enable the Company to encourage key employees and Directors to contribute to the success of the Company by granting such employees and Directors incentive stock options ("ISOs") or non-qualified stock options ("NQOs").

On October 19, 2005, the Company's stockholders and Directors amended and renewed the 1996 Option Plan, designated the 2005 Stock Option Plan (the "2005

Option Plan"), which provided for the issuance of up to 5,000,000 options. The 2005 Option Plan will be administered by the Board of Directors or a committee appointed by the Board of Directors (the "Committee") which will determine, in its discretion, among other things, the recipients of grants, whether a grant will consist of ISOs, NQOs or a combination thereof, and the number of shares to be subject to such options.

The 2005 Option Plan provides for the granting of ISOs or NQOs to purchase Common Stock at an exercise price to be determined by the Board of Directors or the Committee not less than the fair market value of the Common Stock on the date the option is granted.

The total number of shares with respect to which options may be granted under the Option Plan is currently 5,000,000. Options may not be granted to an individual to the extent that in the calendar year in which such options first become exercisable the shares subject to such options have a fair market value on the date of grant in excess of $100,000. No option may be granted under the Option Plan after October 2015 and no option may be outstanding for more than ten years after its grant. Additionally, no option can be granted for more than five (5) years to a stockholder owning 10% or more of the Company's outstanding Common Stock and such options must have an exercise price of not less than 110% of the fair market value on the date of grant.

Upon the exercise of an option, the holder must make payment of the full exercise price. Such payment may be made in cash or in shares of Common Stock, or in a combination of both. The Company may lend to the holder of an option funds sufficient to pay the exercise price, subject to certain limitations.

The Option Plan may be terminated or amended at any time by the Board of Directors, except that, without stockholder approval, the Option Plan may not be amended to increase the number of shares subject to the Option Plan, change the class of persons eligible to receive options under the Option Plan or materially increase the benefits of participants.

As of December 31, 2005, 1,400,000 options to purchase Common Stock under the 1996 Option Plan were granted and/or reserved to certain employees, and no options were issued under the 2005 Option Plan. The options are exercisable at between $.15 and $0.20 and expire on at various dates through 2009. No determinations have been made regarding the persons to whom options will be granted in the future, the number of shares which will be subject to such options or the exercise prices to be fixed with respect to any option.

Other Options

Pursuant to the terms a former employee's employment agreement employment agreement, the Company issued 300,000 options to purchase common stock exercisable at $1.50 per share. The options were fully vested but expired December 31, 2005.

On January 13, 2006, the Company issued an option to purchase 1,000,000 shares of common stock at an exercise price of $.20 per share for legal services rendered.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of March 31, 2006, the beneficial

ownership of our common stock (i) by the only persons who are known by us to own beneficially more than 5% of our common stock; (ii) by each director and executive officer; and (iii) by all directors and officers as a group. Percentage ownership assumes all vested warrants and options are fully exercised, and all preferred stock is converted, and is based on 30,113,267 shares of common stock issued and outstanding as of March 31, 2006.

Name and Address of Beneficial Owner*	Shares of Common Stock Owned(1)	Percentage Ownership
John Chase Lee	14,380,632(2)	33.5%
Jessica Hye Lee (3)	1,000,000(3)	3.2%
Tarlochan Bains	76,726	