CENUCO INC
Form 10KSB
September 27, 2004

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

FORM 10-KSB

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

For the fiscal year ended June 30, 2004

Commission file number 033-25900

Cenuco, Inc.
(Name of Small Business Issuer in its Charter)

Delaware	75-2228820
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

6421 Congress Ave, Suite 201, Boca Raton, Florida 33487
(Address of Principal Executive Offices) (Zip Code)

(561) 994-4446
(Issuer's Telephone Number)

Securities registered under Section 12(b) of the Act:

None

Securities registered under Section 12(g) of the Exchange Act:

None

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 in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the 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. [ ]

State issuer's revenues for its most recent fiscal year. $1,514,349

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. $42,120,064 based on a price of $5.10 per share as of September 15, 2004.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of September 15, 2004, the Registrant had 12,247,271 shares of common stock outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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PART I

This Annual Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider" or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1. DESCRIPTION OF BUSINESS

BACKGROUND

Currently, Cenuco, Inc., (a Delaware corporation) and Subsidiaries (the "Company") is engaged in two different business segments. Our primary focus is on wireless application development. On July 26, 2004, we announced our intentions to review strategic alternatives to divest ourselves from our second line of business, the distance learning segment.

Through our subsidiary, we are engaged in a wireless application technology business, primarily related to the transmission of secure and non-secured video onto cellular platforms via proprietary technologies. This is also known as remote video monitoring via cellular device. In this wireless segment, Cenuco provides cellular carriers, Internet Service Providers, resellers, and distributors a host of wireless video streaming products which generate an increase in subscriber adoption of wireless data services, as well as broadband Internet services. The business model provides additional recurring monthly service revenue models for carriers, ISPs, resellers and distributors. Wireless data services are expected to grow 50% this year reaching $5.5 billion by 2009. 22 million Americans will access mobile video content via cellular devices, with over 31 million utilizing video messaging. Cellular video services are expected to account for almost 15% of all wireless data related revenues across the industry, with Cenuco uniquely positioned to be a service provider to all parties (Sources: BusinessWeek - June 21, 2004, and In-Stat MDR - March, 2004). We are currently in deployment negotiations and/or testing relationships with a number of international and national cellular carriers, retail chains, major distribution providers, resellers, and potential technology licensees on a global basis.

Additionally, through our subsidiary, we are engaged in the online distance learning industry with a focus on the international, mid-career adult and corporate training markets. Our management has been engaged in this business since 1993, through various predecessor entities (the "Predecessors"). We own and operate an online distance learning university that offers licensed certificate and degree programs in a variety of concentrations to students in over 90 countries worldwide. We are licensed by the State Education Department in the State of Alabama.

On July 26, 2004, we announced our intentions to review strategic alternatives to divest ourselves from this distance learning segment.

Our executive office is located at 6421 Congress Ave, Suite 201, Boca Raton, Florida 33487 and we have an administrative office at 801 Executive Park Drive, Mobile, Alabama 36606.

FINANCIAL HIGHLIGHTS

With a rapidly growing market acceptance for wireless video technologies, we are in a prime position to build our capital, partnership, distribution, and resource base during fiscal year 2005. We are a debt free company with more than $5 million in cash. This allowed us to be listed on the American Stock Exchange during the past year, trading under the symbol: ICU "I see you". This transition occurred in May, 2004.

Also during the last year, we closed on a Private Placement financing raising net proceeds of approximately $5.5 million for working capital purposes, with over $7 million additional funds through the exercise of warrants.

Although research and development will continue in FY 2005, the bulk of the costs associated with the development, testing, packaging, and marketing of our products and services were associated with our FY2004 capital expenditures.

The combination of product completion, capital fund-raising, and American Stock Exchange registration has affected our earnings. Management expects a positive cash-flow position during FY-2005, as cellular based remote viewing products achieve increased market acceptance and wider distribution. We anticipate sales in fiscal 2005 from our research and development efforts will cross all distribution and sales categories.

Our reportable segments are strategic business units that offer different products, which complement each other. They are managed separately based on the fundamental differences in their operations. The following descriptions of our business are broken down by segments and are discussed separately below.

WIRELESS SOLUTIONS SEGMENT

Overview

Our wireless remote video monitoring technologies via cellular device (cellular phone, Pocket PC mobile Edition, Smart Phone, remote wireline computer, and remote cellular connected computer) have been productized during the 2004 fiscal year to service a variety of market segments. On July 9, 2003, we announced our being awarded the General Services Administration contract number GS-03F-0025N by the United States government, allowing the company to sell it's products, technologies, and services to every branch of the United States government, including all military agencies and the Department of Homeland Security. The market size for remote video monitoring is estimated in excess of $100 million domestically, and as high as $500 million globally.

During the course of the 2004 fiscal year, Cenuco has undertaken an aggressive, marketing approach for adoption and growth of our products on a global basis. These elements include: key hires on the Cenuco management team; Robert Picow - Chairman, Jordan Serlin - Chief Operating Officer, and Doug McMillan - Director of Business Development and Marketing. Additionally, we have engaged in the development of significant partnerships and relationships, carrier distribution, retail channel sales, government sales, resellers/integrators/distributors, as well as core technology licensing.

The Company's partnerships and affiliates, developed during Fiscal 2004 include: Intel Corporation, Microsoft Corporation, Qualcomm, Tyco, and other leading technology organizations. These relationships allow Cenuco access to new emerging technologies provided by these partner firms, as well as co-operative marketing programs, providing us access to significant resources in the wireless remote monitoring market.

Cellstar, Infosonics and FCI Associates, and other integrated distribution companies represent significant revenue opportunities for us, with access to hundreds of their sales personnel on a national and international basis. They represent Cenuco's wireless remote monitoring products and services. These distribution arrangements were completed during Fiscal 2004 as well.

We have the ability to licence our proprietary core technology. We initiated discussions with a number of leading technology companies regarding: direct embedding of the company's technologies onto DSL or cable modems, routers, IP cameras, and other appliance oriented hardware.

Data communications is the fastest growing segment of the communications industry. The Internet, in particular, has emerged as one of the fastest growing communications media in history and is dramatically changing how businesses and individuals communicate and share information.

Traditionally, small and medium sized businesses have relied on low speed lines for data transport. Data communications, particularly through the Internet, have made it possible for smaller companies to compete more effectively with larger competitors. Most companies, particularly small and medium sized businesses, lack the expertise, capital or personnel required to install, maintain and monitor their own web infrastructures. With the convergence of wireless communications and Internet services, more businesses are opting for wireless technology to meet their data and communication needs.

In recent years, the proliferation of wireless communications solutions has extended the reach and connectivity of mobile professionals. The projected growth of wireless data communication systems, driven by increasing connectivity options for mobile users, has resulted in increased accuracy, timeliness and convenience of information access, reducing costs and improving productivity.

Mobile professionals need tools that provide them with real-time access to mission-critical information at all times. We are in the business of providing mobile professionals with the tools they need to access data from anywhere in the world with convenience, speed, reliability and security.

Technological advances (such as digitalization, data compression, smaller devices) and critical regulatory decisions (to license new spectrum for cellular telephony and other new applications) have greatly increased the availability of wireless communications while reducing costs. The result has been dramatic growth in the market for cellular telephones. For example, cellular telephone subscriptions have increased from just over 2 million to well beyond 100 million in the last 10 years.

Many nationally recognized experts predict strong growth within the wireless data market.

Our wireless solutions segment, with its core proprietary (patent-pending) technology, addresses one primary market; security and surveillance. The wireless segment offers software solutions but can also bundle hardware that will allow real-time mobile access to mission-critical data and live video from most Internet enabled personal digital assistants (PDA) or cellular phones, from anywhere on the globe.

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Our wireless video monitoring solutions allows users to view real-time streaming video of security cameras at their home or place of business from anywhere they receive a cellular connection, regardless of the carrier or user's location. Our systems are also delivered with a password protected PC desktop client, which allows for single click access to any remote camera, ability to communicate with us (via Internet link), manage user accounts, and review archival video. This total package of services and technology is currently unique in the marketplace.

Within this segment, we develop software, offering vertical integrators extensibility upon their existing product lines. By adding our technologies, integrators can take their LAN or Coaxial video systems mobile. We have distinguished ourselves with this technological breakthrough.

We are focused on the fast-growing security, surveillance and Homeland Security markets. Our monitoring products have been listed on General Services Administration (GSA) under contract number GS-04F-0025N. The GSA coordinates all of the pricing for any product or service sold to the Federal government (and in the case of Homeland Security, some state and local governmental procurement as well). By having a GSA contract schedule number, we have met the GSA's requirements from corporate stability, product offering, and pricing standpoints, to sell and service all potential Federal customers.

Additionally, we have partnered, entered testing relationships, or contracted with several expert security and distribution firms including: Intel, Microsoft, InfoSonics, CellStar, Tyco, Qualcomm, and FCI Associates.

WIRELESS SEGMENT STRATEGY

Our business strategy is to be a provider of unique technologies and information management tools by using the expertise of our staff in application development. Currently, we have developed several wireless applications. Our objectives for our software applications include the following key elements:

* sell our products in many vertical markets, as the market for wireless technologies is developing;

* build subscription base revenue streams for various industries;

* develop niche vertical markets for our wireless solutions;

* pursue marketing opportunities which allow us to develop the market presence needed to support sales goals and to attract developers of new products and services;

* maintain and strengthen strategic relationships with suppliers and customers;

* focus on providing a quality product, in addition to support and development after the sale;

* utilize expertise in management to deliver products and services in a timely manner, control costs and manage budgets;

* pursue selective partnerships to expand our capabilities, products and services.

Our revenues are expected to be based upon product sales, technology licensing, subscriptions, and custom wireless solutions. Our revenues are dependent on the volume of sales from the products we provide.

Revenues from sales are recognized in the period in which sales are made. Revenues relating to subscription services will be recognized for the period of time of "rendered service" during the reporting period. Our gross profit margin will be determined in part by our ability to estimate and control direct costs of production and shipping and our ability to incorporate such costs in the price charged to our distributors.

Technology Overview and Discussion

Security and surveillance is the focus of our organization, with product offerings of software and hardware bundles that we sell or license to consumers and businesses. Cenuco is a provider of security and surveillance streaming-video monitoring via Internet enabled wireless PDAs or cellular phones using a wide area network (WAN) and several other connection protocols, including 802.11, GPRS, GSM, CDMA, and Satellite connections. The technology is neither carrier nor device specific and is scalable to many different formats and protocols, while retaining the capability of integrating with most standard security systems.

Our wireless solutions use a hybrid of MPEG-4 and JPEG technologies, encapsulating encryption of live streaming video, projected over wide area networks (WAN) via a cellular carriers' network to most Internet enabled wireless handheld devices and cellular phones. Presently, we can provide 10 frames per second of MPEG-4 streaming video via cellular connection. We also have products that work over 802.11 protocols for local area networks (LAN).

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PRODUCTS

Our technological expertise resides in niche end-to-end wireless solutions for the integration and delivery of video and data over any Internet enabled device. We have developed a number of proprietary applications providing mobile video transmission connectivity on wireless handheld devices and cellular phones within specific market verticals and has filed two patents (software and process) relating to this technology. Below is a sampling of some mobile solutions and ancillary services already developed and implemented.

- THE MOBILE MONITOR AND MOMMYTRACK TM

  The Mobile Monitor and MommyTrack systems, originally released as MommmyTrack, are plug and play retail (shrink-wrapped) systems. This product enables business owners, managers, parents, other family members, and others to view their offices, retail stores, children, homes, or any property in a real-time video stream over their data enabled wireless cell phone/handheld device or computer from anywhere in the world. Currently, the product comes in two formats, which include a color camera, a wireless base station, and software, and is wholesale volume priced at $9.95 per month, which includes 24/7 wireless Gateway access to video on cellular devices/remote computers, 24/7 instant email support and software upgrades. The service model allows for customers to add additional features such as off site archiving into their subscription for an additional fee. The maintenance contracts run for one year and automatically renew unless cancelled by the customers. The Company is currently in discussions with large home security monitoring companies regarding offering or integrating our technology within their existing customer base.

During the past Fiscal Year, both MommyTrack and Mobile Monitor were fully tested by Microsoft and received Logo Certification by Microsoft for Pocket PC 2002, Pocket PC 2003, Smart Phone 2002, and Smart Phone 2003. Through this certification, Cenuco has the Microsoft Windows Mobile Compatible logo on all product packaging, and sales support literature. Additionally, both products are also listed in the Microsoft Mobility Catalog, allowing for carriers to review the application specifications on a global basis, as well as to directly contact Cenuco regarding deployment opportunities for their subscribers.

- THE CENUCO MOBILE VIDEO TRANSMITTER SERVER TM

This products is complimentary to any existing security syetem. Cenuco does not want to compete with DVR companies like Sensormatic, GE, Securitas, Panasonic, etc. We envision partnering with these companies to integrate our wireless device video transmission technologies into their product lines via software license. As an initial first step, the Cenuco Mobile Video Monitor Server is simply 4-16 camera port encoder and transmitter, taking any existing DVR's video feeds and making them viewable via wireless handheld or cellular phones. Installation takes less than an hour, and basically entails taking any DVR system's video outputs and connecting them into the complementary port on the Cenuco device. There is a tremendous amount of interest in this product, as it takes any existing CCTV installation and makes it mobile, without any re-engineering, re-wiring, or system rebuilding. We have arranged for leasing availability on this system line with a major national leasing group. At present, we are training independently owned security integrators in the U.S., including FCI Associates, on the sale, installation, and service of this product. Additionally, Cenuco has a GSA version of the Mobile Video Manager Server specifically designed for Homeland Security usage. We are in conversations with the U.S. Department of Commerce, the Transportation Security Administration, as well as the technology directorate within the Department of Homeland Security. We have received direct Request for Proposals and Request for Quotes from multiple federal agencies. Our monitoring products have been listed on General Services Administration (GSA) under contract number GS-03F-0025N. The General Services Administration (GSA) coordinates all of the pricing for any product or service sold to the Federal government (and in the case of Homeland Security, some state and local governmental procurement as well). By having a GSA contract schedule number, Cenuco has met the GSA's requirements from corporate stability, product offering, and pricing standpoints, to sell and service all potential Federal customers.

- THE CENUCO MOBILE MANAGER SECURITY DIGITAL VIDEO RECORDING SYSTEM TM

  The Mobile Manager Security DVS system package, allows for streaming security video in real-time over wireless handheld devices. This system integrates with existing systems and has digital video archiving features with date and time stamps included. This Cenuco product line targets large corporations or businesses that require a dedicated system for their video surveillance storage needs. In addition to the upfront hardware and software purchase price, the Company will receive annual service contracts generally from 8% to 10% of the initial sale.

MARKETING AND DISTRIBUTION

Our strategy is to become a dominant provider of wireless data applications and information management solutions by using management's expertise and knowledge of information management; aggressively promoting our products through direct sales, advertising, Internet branding and trade show marketing, and forming strategic alliances with key industry leaders. We seek to maximize our recurring revenues by providing monthly ISP and wireless services for our applications. We also plan to enter new domestic and foreign markets by expanding into other vertical and horizontal markets, increasing the number of our channel partner relationships and fostering new strategic alliances.

Keys to meeting our strategic marketing objectives include the following:

Build critical mass: We must build a branding strategy through aggressive promotion of our vertical market based applications. This can be done through advertisements in various trade specific magazines and websites. Our plans include participating at several trade shows where representatives can demonstrate our products and services. Our marketing strategy includes advertising and public relations on new developments.

Develop the market for existing and new products: Our initial focus is to meet the needs of the mobile professional. We will focus on the professional who understands the value of real time information and the ability to share that information with their clients, colleagues and offices in a timely manner.

Expand into new industries: Management believes that it can apply information management solutions and wireless applications in any market, such as financial, insurance, construction, industrial and legal. Additionally, the products are easily adaptable to horizontal markets including traditional industrial businesses, manufacturing and distribution, and consumer applications.

Pursue channel partners and strategic acquisitions: We intend to market our products through channel partners who share our goals and values, direct marketing efforts and traditional marketing.

Develop our customer base and strengthen our brands through enhanced sales and marketing promotions: We intend to be aggressive in our marketing mix by promoting our products.

We have a marketing staff that has developed sales literature and materials along with demonstration tools that support both direct sales and customer support. Our websites are scheduled to be constantly updated to show most recent developments and partnerships.

We will strive to offer the best customer service possible by providing solutions and answers in a timely fashion.

Maintain and strengthen our strategic relationships with suppliers: Building a successful business requires strategic initiatives that will provide potential customers, help to enter into new and targeted markets, develop and affirm credibility in the market place, generate name recognition, align with reputable and well known or established companies with significant customer bases, and enlist technologies that supplement existing or in-house technology and applications.

Strategic positioning and planning are critical for a successful business, whether a startup or for an established company. In order to accomplish these goals, strategic partnerships provide critical supplementation of existing products, services or technologies. These partnerships and strategic positioning enable us to provide robust and successful applications at a faster rate to meet market and customer expectations.

We utilize the Internet as an inexpensive and efficient method reach prospective wireless solutions customers and increase the Company's distribution channels. We have developed our website as a marketing tool to draw attention to the various products the Company sells. Product information, testimonials, and media clips of the products from news sources like The Wall Street Journal, Fox News, NBC News, ABC News, Entrepreneur Magazine and others, are available on the site allowing prospective customers to learn more about the Company's wireless products and how to obtain them. The site also alerts customers to new products and news of existing ones.

Aside from our website, we have developed literature featuring product information marketing literature, product packaging and sales kits to be used by retailers. We have also developed trial systems for the desktop client, which allows potential customers to sample the remote viewing service offering on a desktop computer or compatible wireless device. This demonstration is licensed for seven days, creating a definitive timeline for the continuation of the sales process.

We also intend on attending numerous tradeshows as both an exhibitor and attendee. Through our partnerships with Microsoft, Intel, FCI Associates, CellStar, InfoSonics and others we also have opportunities to reside within their "partner pavilions" at little cost, at some of the most major technology shows like Comdex, CES, CeBIT, CTIA, ASIS, and the Homeland Security Technology Forum.

PARTNERSHIPS AND STRATEGIC RELATIONSHIPS

During Fiscal Year 2004, Cenuco's strategy also included the development of strategic technical and distribution partnerships. Management believes that these partnerships will enable to company to maintain a market leadership position, as well as develop significant sales revenue during the next fiscal year. These partnerships included:

- MICROSOFT. Cenuco's wireless client applications have been certified for Windows powered Smart Phones and mobile edition Pocket PCs by Microsoft. Over a year in the making, there are many off-shoots to this certification. 1.) Microsoft has already include Cenuco applications in the Mobile2Market catalog, the primary purchasing resource for cellular carriers globally for additional applications and accessories for the Smart Phone and Pocket PC platforms. 2.) As part of the certification process, Cenuco has been granted the right to use the "Windows Mobile Compatible" Microsoft logo on all marketing literature, on-line, and directly on our product packaging. 3.) Cenuco has a NDA agreement with Microsoft, which was our requirement prior to entering any testing. 4.) Microsoft waived our certification testing fees, denoting their extreme interest in Cenuco's technologies.

- INTEL. We were invited by Intel to join their Early Access Program for Mobility last year. Through this program Intel has assigned us account representatives across numerous internal divisions. They have also assigned us engineering resources to assist Cenuco in optimizing our technologies to the various Intel chip-set platforms. Additionally, Intel has agreed to provide marketing and co-op dollar support for trade shows, POS displays, etc. Intel invited Cenuco to be a "headlining" application demonstration for their trade show booth at CTIA Wireless 2004. Additionally, they have committed significant technical and monetary resources to support Cenuco at ASIS, the largest security trade show annually, in September 2004. Due to the success of CTIA, Intel has invited Cenuco to join them at CTIA IT this October in San Francisco. Intel has also been using Cenuco's applications to demonstrate the utility of their chip-sets and mobile platforms (Smart Phone). We have also recently been invited to join their IC3 program, a highly specialized and high profile group of developers who specialize in wireless data-driven applications.

- QUALCOMM. As the owners of the BREW wireless application protocol, Cenuco has worked with Qualcomm to certify Cenuco's applications for this network delivery specification. Presently we have been successful in receiving BREW certification on selected handsets, and continue to work directly with Qualcomm on certification efforts, as well as co-operative marketing initiatives to BREW cellular carriers globally.

- TYCO. Our corporate products have undergone over a year of testing in TYCO's Rapid R&D Development Program. We have entered into the next phase of that program, which consists of talking with each of Tyco's operating divisions regarding potential licencing or custom development deals. These divisions include: ADT, Sensormatic, American Dynamics, and others.

- INFOSONICS. Cenuco recently signed a distribution agreement covering the United States and Latin America with InfoSonics. This company is one of the largest handset configuration companies, selling to all the major carriers in the United States. Clients include Verizon, Cingular, T-Mobile, Sprint, and AT&T Wireless domestically. InfoSonics will be introducing our products and services into these and other carrier relationships. Cenuco has already trained the entire outside InfoSonics sales force, with Cenuco product presentations having already occurred at 5 carriers since training completion.

- FCI. With over 20 years of experience, and with over 500,000 system installations completed, FCI Associates is one of the nation's leading Security Systems Integrators and installation companies in the United States. FCI has provided services in over 1,000 cities across the country, with a client roster including: Honeywell, Siemens, ADT, Brinks, Securitas, Sensormatic, Adelphia, and Checkpoint. FCI Associates will be Cenuco's nationwide CCTV and remote video monitoring systems installation partner, and will also resell the entire complement of Cenuco's remote video monitoring systems and services. The agreement will cover cooperative sales and installation projects across the residential, commercial, as well as Federal / Homeland Security markets.

OPERATIONAL TEAM

During Fiscal 2003, Cenuco and the company's Board of Directors authorized a strategy to significantly augment Cenuco's operational team. The key areas of focus were technology, sales, operations, finance, and relationship development. The result of these efforts will allow Cenuco to enter FY 2005 with an unsurpassed operational and management team within the wireless video application segment. Cenuco's operational and management team members include:

Robert Picow, Chairman. Robert Picow is a wireless industry pioneer. He founded Allied Distributors in 1982, a commercial and consumer electronics distributorship. Allied was one of the first companies focused purely on cellular telephone configuration and carrier sales, as well as other related products. Allied Communications became one of the global leaders in this field and Mr. Picow served as CEO until its 1996 merger with Brightpoint (NASDAQ: CELL), a publicly traded communications company with current annual sales of approximately $2 billion. Mr. Picow then served as President of Brightpoint USA

as well as Vice Chairman, and was a Director at Brightpoint until 1997. He also served as a Director of SBA Communications for two years. Mr. Picow served as a Board Member of Cenuco prior to his appointment as Chairman.

Jordan Serlin, Chief Operations Officer. Prior to Cenuco, Jordan Serlin served as CEO for United Kingdom based Tenestra, Ltd. Tenestra was a leading global developer of component hardware and software for digital and embedded wireless closed circuit television security surveillance systems. Clients and projects under his direction included: British Customs, BMW, Pepcor Intl., British Petroleum, and the United States Transportation and Security Administration. Serlin assisted in the successful sale of Tenestra's core technologies to General Electric's security subsidiary in late 2002. Mr. Serlin previously served as the chief marketing executive for FortuneCity, an online services provider. He was part of the management team which took that firm to its $90 million IPO in 1998 on the German NeurMarkt. Mr. Serlin served on the Advisory Board of Cenuco prior to his appointment as Chief Operating Officer.

Doug McMillan, Director of New Business Development and Marketing. Mr. McMillan comes to Cenuco with 38 years of sales and marketing experience. His 28 years at IBM included: 16 years in direct field sales ending as National Account Sales Manager for the Data Processing Division, 10 years in senior marketing roles for the IBM PC Company, and 2 years as Assistant to the Corporate Vice President of Marketing, covering all of IBM worldwide. In his 10 years at Tyco/Sensormatic, Mr. McMillan was in charge of marketing Tyco/Sensormatic CCTV products globally, a $250 million division. He worked closely with both retail and commercial customers in defining new products, especially digital video recording and networked systems.

COMPETITION

We face competition from large, well-established companies with considerably greater financial, marketing, sales and technical resources than those available to us. Additionally, many of our present and potential competitors have capabilities that may allow such competitors to offer their products at prices which may compete with our products. Our products could be made uneconomical by the introduction of new products, changes affecting the cost of packaging and shipping, or marketing or pricing actions by one or more of our competitors. Our business, financial condition or results of operations could be materially adversely affected by one or more of such developments. There can be no assurance that we will be able to compete successfully against current or future competitors or that competition will not have a material adverse effect on our business, financial condition or results of operations.

The principal competitive factors for the industry are brand recognition, ease of use, comprehensiveness of product offerings, customization to the consumer, quality and focused value-added services.

SOURCES AND AVAILABILITY OF RAW MATERIALS

The materials and equipment needed to produce our software products are widely available from numerous third parties. No shortage of materials is expected in the foreseeable future.

DEPENDENCE ON ONE OR FEW CUSTOMERS

We will rely heavily on our customers' preferences to best determine the products which will be produced. The commercial success of our products will depend on our ability to predict the type of product that will appeal to a broad spectrum of the populous and will be affordable. Although we plan to test market our products prior to their release, there can be no assurance that we will be able to predict the appeal of our products before production.

RESEARCH AND DEVELOPMENT

We believe that research and development is an important factor in our future growth. The software industry and data storage and transmission are closely linked to the latest technological advances. Therefore, we must continually invest in the technology to provide the best quality product to the public and to effectively compete with other companies in the industry. No assurance can be made that we will have sufficient funds to purchase technological advances as they become available. Additionally, due to the rapid advance rate at which technology advances, our equipment may be outdated quickly, preventing or impeding us from realizing its full potential profits.

PATENTS, COPYRIGHTS AND TRADEMARKS

We intend to protect our original intellectual property with patents, copyrights and/or trademarks as appropriate. Currently, certain products are protected by trademarks and patents are pending for our security product line.

During Fiscal 2004, we completed a full patent filing with the United States Patent and Trademark office. The Utility Patent Application entitled "Wireless Security Audio-Video Monitoring", was accepted by the USPTO during June 2004, at which time Cenuco was issued Patent pending number 10/846426. This latest intellectual property filing also reflects the culmination of Cenuco's provisional patent application(s) for viewing live streaming wireless video transmission on cellular devices, filed during Fiscal 2002 and Fiscal 2003.

GOVERNMENTAL REGULATION

Federal

We intend to utilize the Internet for transmission of data across state lines. Presently, the FCC and other federal government agencies do not regulate companies that provide these services. Notwithstanding the current state of the

rules, the FCC's potential jurisdiction over the Internet is broad because the Internet relies on wire and radio communications facilities and services over which these regulatory authorities have long-standing authority.

State

We are not currently subject to any state regulation with respect to its Internet related services. However, there can be no assurances that we will not be subject to such regulations in the future. Additionally, we are not aware of any pending legislation that would have a material adverse effect on our operations.

Effect of Probable Governmental Regulation on the Business

As we expand our efforts to develop new products and services, we will have to remain attentive to relevant federal and state regulations. We intend to comply fully with all laws and regulations, and the constraints of federal and state restrictions could impact the success of our efforts.

As our services are available over the Internet in multiple states and foreign countries, these jurisdictions may claim that we are required to qualify to do business as a foreign corporation in each such state and foreign country. New legislation or the application of laws and regulations from jurisdictions in this area could have a detrimental effect upon our business.

Due to the increasing popularity and use of the Internet, it is possible that additional laws and regulations may be adopted with respect to the Internet, covering issues such as content, privacy, access to adult content by minors, pricing, bulk e-mail (spam), encryption standards, consumer protection, electronic commerce, taxation, copyright infringement and other intellectual property issues. We cannot predict the impact, if any, that future regulatory changes or developments may have on our business, financial condition, or results of operation. Changes in the regulatory environment relating to the Internet access industry, including regulatory changes that directly or indirectly affect telecommunication costs or increase the likelihood or scope of competition from regional data service providers or others, could increase our operating costs, limit its ability to offer services and reduce the demand for our services.

Cost and Effects of Compliance with Environmental Laws

Our business is not subject to regulation under the state and federal laws regarding environmental protection and hazardous substances control. We are unaware of any bills currently pending in Congress which could change the application of such laws so that they would affect us.

We believe that the suite of services we are currently developing are diversified enough to meet the demands of any size client. Rather than limit our targeted market and services to strictly mid-to-large size companies, we have decided to offer affordable wireless services and solutions to any size client seeking to go wireless.

DISTANCE LEARNING SEGMENT

On July 26, 2004, we announced our intentions to review strategic alternatives to divest ourselves from the distance learning subsidiary.

TEACHING MODEL

The Company's teaching structure has the following major characteristics:

Tuition. All of our students must pay a registration fee to cover the costs of books, study manuals and other materials necessary for their studies. Generally, registration fees are $450 (an additional $250 for international students) and tuition fees range from $850 to $6,500 per program. Scholarships and discounts are available to certain students who demonstrate financial need. Frequently, tuition qualifies as a tax-deductible expense incurred as part of an effort to maintain or improve job-related skills.

Curriculum. The standardized curriculum for each program is designed to provide students with specified levels of knowledge and skills regardless of delivery method or location. The curriculum provides for the achievement of specific educational goals and is designed to integrate academic theory and professional practice with a focus on application to the workplace. Although we are responsible for academic requirements and educational goals, students and their employers often provide input to our faculty in designing curricula, and class projects are typically based on issues relevant to the companies and the human resource departments of companies that employ our students.

Interactive Learning. Courses are designed to combine individual and group activity with interaction between and among students and the instructor/mentor. The curriculum requires a high level of student participation in order to enhance the student's ability to complete the courses.

Learning Resources. Students and faculty members are provided with electronic and other learning resources for their information needs. These extensive electronic resources minimize our need for capital-intensive library facilities and holdings.

Low Attrition Rate. Our schools currently have less than a 15% student dropout rate, compared to a rate of more than 35% at traditional universities. We feel that our customer service and our targeted client, the mid-career adult, are the reasons for this success.

Academic Quality. Any student having earned a high school diploma, General Equivalency Diploma ("GED") or international equivalent may apply to earn any of our certificates or enter into a bachelor's degree program. Any student having earned a Bachelor's degree or international equivalent, or registered in one of our universities to earn their Bachelors' degree may apply to enter into any of our master's degree program.

Admissions Standards. To gain admission to the undergraduate programs, applicants must have a high school diploma or GED and satisfy certain minimum grade point average, employment and age requirements. Additional requirements may apply to individual programs. Students already in undergraduate programs elsewhere may petition to be admitted on provisional status if they do not meet certain admission requirements.

To gain admission to the graduate programs, students must have an undergraduate degree from an accredited college or university or international equivalent and satisfy minimum grade point average, work experience and employment requirements. Additional requirements may apply to individual programs. Students in graduate programs may petition to be admitted on provisional status if they do not meet certain admission requirements.

Academic Accountability. We utilize an institution-wide system for the assessment of the educational outcomes of our students. The information generated is used to improve the quality of the curriculum, the instruction and the teaching/learning model. Our undergraduate and graduate students complete a comprehensive cognitive (core degree subject matter) and affective (educational, personal and professional values) assessment prior to and upon the completion of their core degree requirements.

Students in our programs evaluate both academic and administrative quality. This evaluation begins with a registration survey and continues with the evaluation of the curriculum, faculty, delivery method, instruction and administrative services upon the conclusion of each course. The evaluation also includes a survey of a random selection of graduates 2-3 years following their graduation. The results provide an ongoing basis for improving our approach to teaching, our selection of educational programs, and our instructional quality.

COMPETITION

General. The market for online distance learning services is intensely competitive, rapidly evolving and subject to rapid technological change as the market is characterized by an increasing number of entrants that have introduced or developed products and services similar to those offered by us. We expect competition not only to persist, but also to increase. Increased competition may result in course price reductions, reduced margins and loss of market share. Competitors fall into several categories, including other online distance learning providers, traditional "snail mail" correspondence courses and traditional universities and colleges expanding their course offerings online. Several current and potential competitors have longer operating histories, larger established student bases, greater name recognition, longer relationships with students and the public and significantly greater financial, technical, marketing and public relations' resources. Some entities, which compete directly with us and are similar in business models, include the Apollo Group, which owns and operates the University of Phoenix. For its year ending August 2003, the Apollo Group reported sales over $1 billion. Apollo is the largest participant in this industry. Our distance learning unit is able to compete due to its platforms ease of use for users and focus on international students.

GOVERNMENT REGULATION

General: With the exception of state licensing regulations for our distance learning programs as described below, we are subject to little governmental regulation other than the securities' laws and regulations applicable to all publicly owned companies and laws and regulations applicable to businesses generally. Relatively few laws or regulations are currently directly applicable to access to, or commerce on, the Internet. Due to the increasing popularity and use of the Internet, it is likely that a number of laws and regulations may be adopted at the local, state, national or international levels with respect to the Internet. Any new legislation could inhibit the growth in use of the Internet and decrease the acceptance of the Internet as a communications and commercial medium, which could in turn decrease the demand for our services or otherwise have a material adverse effect on our future operating performance.

Licensing: Barrington University is licensed by the State Education Department of Alabama, which provides the basis for recognition and acceptance by employers, other higher education institutions and governmental entities of the degrees and credits earned by students. Barrington's license has recently been renewed and accepted until June 2005.

Accreditation: Accreditation is a system for recognizing educational institutions and their programs for performance, integrity and quality. In the United States, this accreditation program is recognized by the federal government. Colleges and universities depend on accreditation in evaluating transfers of credit and applications to graduate schools. Also, certain scholarship grants are restricted to students attending institutions accredited by certain associations. Our school is currently not accredited.

EMPLOYEES

As of September 15, 2004, we had approximately 18 full-time employees as well as a number of independent contractors. None of our employees are represented by a labor union. We have not experienced any work stoppages and generally believe that our relationship with our employees is good.

ITEM 2. DESCRIPTION OF PROPERTY

Our corporate headquarters are located at 6421 Congress Avenue, Suite 201, Boca Raton, Florida. This facility consists of approximately 6,200 square feet of office space, leased from a non-affiliated third party at an annual rent of approximately $78,000. The leases expire in July 2005.

The headquarters of our subsidiary, Barrington University, are located at 801 Executive Park Dr., Mobile, Alabama. This facility consists of approximately 1,500 square feet of office space, leased from a non-affiliated third party at an annual rate of approximately $11,000. The lease expires in April 2005.

All of the foregoing facilities are in good condition and are adequate for currently anticipated needs. We believe that in the event that the leases with respect to any of the aforementioned facilities should not be renewed, alternative space will be available at comparable rates.

ITEM 3. LEGAL PROCEEDINGS.

From time to time the company faces litigation in the ordinary course of business. Currently we are not involved with any litigation which will have a material adverse effect on our financial condition.

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

None

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Since January 4, 2000 until December 17, 2002, our common stock had been traded in the over-the-counter market and quoted on the OTC Bulletin Board under the symbol "VADC.OB". On December 17, 2002 and through April 2004, our common stock had been traded in the over-the-counter market and quoted on the OTC Bulletin Board under the symbol "CNUO.OB". On May 20, 2004, our common stock began trading on the American Stock Exchange (the "Amex") under our new ticker symbol "ICU". The reported high and low sale prices for the common stock are shown below for the periods indicated. The prices reflect inter-dealer prices, without retail mark-up, markdown or commissions, and may not always represent actual transactions.

	High ($)	Low ($)
Fiscal 2004		
First Quarter (7/1/03-9/30/03)	1.55	1.02
Second Quarter (10/01/03-12/31/03)	1.25	0.70
Third Quarter (1/01/04-3/31/04)	5.70	1.12
Fourth Quarter (4/01/04-6/30/04)	6.96	4.00
Fiscal 2003		
First Quarter (7/1/02-9/30/02)	0.71	0.42
Second Quarter (10/01/02-12/31/02)	2.02	0.45
Third Quarter (1/01/03-3/31/03)	1.90	0.85
Fourth Quarter (4/01/03-6/30/03)	1.64	0.82

As of September 15, 2004, there were approximately 1,200 record owners of our common stock.

To date, we have not paid any cash dividends on our Common Stock and have no intention of paying dividends in the foreseeable future. The payment of dividends, if any, in the future is within the discretion of our Board of Directors and will depend upon our earnings, capital requirements and financial condition and other relevant factors. Our ability to pay dividends in the future may also be dependent upon relevant provisions of Delaware corporate law.

FUTURE SALES OF LARGE AMOUNTS OF COMMON STOCK COULD ADVERSELY EFFECT THE MARKET PRICE OF OUR COMMON STOCK AND OUR ABILITY TO RAISE CAPITAL.

Future sales of our common stock by existing stockholders pursuant to Rule 144 under the Securities Act of 1933, or following the exercise of future option grants, could adversely affect the market price of our common stock. Our directors and executive officers and their family members are not under lockup letters or other forms of restriction on the sale of their common stock. The issuance of any or all of these additional shares upon exercise of options will dilute the voting power of our current stockholders on corporate matters and, as a result, may cause the market price of our common stock to decrease. Further, sales of a large number of shares of common stock in the public market could adversely affect the market price of the common stock and could materially impair our future ability to generate funds through sales of common stock or other equity securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Except for historical information, the materials contained in this Management's Discussion and Analysis are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) and involve a number of risks and uncertainties. These include international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

Although forward-looking statements in this Annual Report reflect the good faith judgment of management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties, actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this Annual Report, as an attempt to advise interested parties of the risks and factors that may affect the Company's business, financial condition, and results of operations and prospects.

The development and cultivation of wireless applications has served as the focal point for our initiatives. Our wireless segment has produced viable solutions for the security monitoring markets. In addition, we launched our line of wireless video monitoring solutions, Mobile Monitor, MommyTrack(TM) and Cenuco Transmitter. The products offer truly mobile surveillance monitoring solution for the consumer and business market.

On July 26, 2004, we announced our intentions to review strategic alternatives to divest ourselves from the distance learning segment. Through our subsidiaries, we are engaged in the online distance learning business with a focus on the international, second-career adult and corporate training markets. We currently operate our main school, Barrington University, from Mobile, Alabama, where the State of Alabama Department of Education, Code of Alabama, Title 16-46-1 through 10, licenses the school. We offer degrees and training programs to students in over 80 countries and in multiple languages. The programs are "virtual" in their delivery format and can be completed from a laptop, home computer or through a wireless device.

We operate in two reportable business segments - (1) the online distance learning industry, and (2) the development and sales of wireless solutions and web services. The latter segment includes development of business-to-business and business-to-consumer wireless applications, and state of the art web technology and design services. Our reportable segments are strategic business units that offer different products. They are managed separately based on the fundamental differences in their operations and are discussed separately below.

SEASONALITY IN RESULTS OF OPERATIONS

We experience seasonality in our results of operations from our online distance-learning segment primarily as a result of changes in the level of student enrollments and course completion. While we enroll students throughout the year, December and January average enrollments and course completion and related revenues generally are lower than other quarters due to seasonal breaks in December and January. Accordingly, costs and expenses historically increase as a percentage of tuition and other net revenues as a result of certain fixed costs not significantly affected by the seasonal second quarter declines in net revenues.

We experience a seasonal increase in new enrollments in August of each year when most other colleges and universities begin their fall semesters. As a result, instructional costs and services and selling and promotional expenses historically increase as a percentage of tuition and other net revenues in the fourth quarter due to increased costs in preparation for the August peak enrollments.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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A summary of significant accounting policies is included in Note B to the audited consolidated financial statements included herein for the period ended June 30, 2004. Management believes that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about the company's operating results and financial condition.

We record property and equipment at cost. Depreciation and amortization are provided using the straight-line method over the estimated economic lives of the assets, which are from five to twenty years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

We account for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. We adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS 148, "Accounting for Stock-Based Compensation -Transition and Disclosure", which permits entities to provide pro forma net income (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-valued based method defined in SFAS No. 123 had been applied. We account for stock options and stock issued to non-employees for goods or services in accordance with the fair value method of SFAS 123.

The Company follows the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin 104 for revenue recognition. In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured. The following policies reflect specific criteria for the various revenues streams of the Company:

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art wireless technology and services, the Company recognizes revenue as services are performed on a pro-rata basis over the contract term or products are delivered. The Company has executed a distribution agreement whereby the distributor may purchase wireless product on consignment. Any sales made to the distributor under this agreement will be recorded as a deferred revenue liability until such time as the distributor has sold the product at which time the Company will recognize the related revenues.

The Company recognizes tuition and registration revenues from its online distance learning segment based on the number of courses actually completed in each student's course of study. For example, if a student completes three out of his nine required courses, the Company will recognize 33% of the tuition regardless of the amount of time that the student has taken to fulfill these requirements.

Tuition refunds are based on the date that the student cancels and the policy is as follows: If the student withdraws within 5 calendar days after midnight of the day the student signs the Enrollment Agreement (Full Refund Period) the student will receive a full refund with no further obligation. If the student cancels after the Full Refund Period but before the school receives the first completed lesson, the student will be charged a registration fee of $150 and the student will receive a full refund less the registration fee charge. If the student cancels after the school receives the first completed lesson, the student's tuition obligation will be their registration fee plus a portion of the remaining tuition as defined below.

Percentage of Course Completed	Amount of Tuition Obligated
10% of less	10% of tuition
Between 11% - 25%	25% of tuition
Between 26% - 50%	50% of tuition
Over 50%	Obligated for full tuition.

RESULTS OF OPERATIONS

YEAR ENDED JUNE 30, 2004 COMPARED TO THE YEAR ENDED JUNE 30, 2003

CONSOLIDATED RESULTS

The following discussion relates to our consolidated results of operations. Further discussion and analysis of operating results is follows and is discussed by segment.

Revenues

For fiscal 2004, we had a 16% decrease in earned revenues to $1,514,349 from $1,577,479 for fiscal 2003.

Cost of Equipment Sales

For the year ended June 30, 2004 and 2003, we incurred cost of sales related to the sale of our wireless products and equipment of $27,019 and $157,656, respectively.

Instruction and Educational Support

Instruction and educational support expenses related to our online distant-learning segment. For the year ended June 30 2004, instructional and educational support expenses increased by 14.6% to $114,551 or 7.6% of consolidated net revenues as compared to $99,956 or 6.3% of consolidated net revenues for the year ended June 30, 2003.

Research and Development

Research and development expenses related to our wireless technology segment. For the year ended June 30 2004, research and development expenses were $30,163 as compared to $64,742 for the year ended June 30, 2003.

Bad Debt Expense

For the year ended June 30, 2004, bad debt expenses were $162,956 as compared to $403,523 for the year ended June 30, 2003. For the fiscal year ended June 30, 2004, we changed our policy for accounting for withdrawn students in our online distance learning segment. This change is treated as a change in accounting principle. For those students with net receivable balances upon withdrawal, the net debit balance will be charged to bad debt expense rather than to revenues. Management believes this method is preferable as it better reflects the entity's bad debt on withdrawn students. The pro forma net effect on the comparable 2003 consolidated financial statements would be a reclassification of $226,166 from revenues to bad debt expense.

Selling and Promotion

Selling and promotion expense consists primarily of recruiting fees, advertising, trade show expense, and travel. For the year ended June 30, 2004, selling and promotion expenses decreased by 6.8% to $329,333 or 21.7% of consolidated net revenues as compared to $353,403 or 22.4% of consolidated net revenues for the year ended June 30, 2003.

Impairment Loss

In June 2004, based on an impairment test, we decided to write-off all intangible asset balances of $884,028 relating to the acquisition of certain assets under a purchase agreement. The decision to recognize an impairment loss was made in light of our inability to generate a profit after the acquisition, mounting intercompany balances, the length of time estimated for us to recover the initial investment, and the uncertainty of market conditions and business performance

General and Administrative Expenses

General and administrative expenses, which includes salaries, professional fees, rent, stock-based compensation, insurance, and other expenses, were $3,610,179 for the year ended June 30, 2004 as compared to $1,879,312 for the year ended June 30, 2003. This amounted to 238% of consolidated net revenues for the year ended June 30, 2004 as compared to 119% for the year ended June 30, 2003. The increase was primarily due to a substantial increase in stock-based compensation and consulting fees in fiscal 2004 as compared to fiscal 2003. Additionally, we incurred one-time costs associated with our listing on the American Stock Exchange as well as certain expenses associated with our capital-raising activities. Consolidated general and administrative expenses are summarized as follows:

	2004	2003
Salaries	$ 788,413	$ 818,033
Stock-based compensation	1,681,080	262,843
Professional fees	130,602	127,954
Rent	88,004	89,288

Consulting	263,704	98,807
Other	658,376	482,387
Total General and Administrative ..	$3,610,179	$1,879,312

Interest Income

Interest income was $21,956 for the year ended June 30, 2004 as compared to $18,921 for the year ended June 30, 2003, an increase of $3,035.

Income Taxes

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. As of June 30, 2004, the net deferred taxes have been fully offset by a valuation allowance since the Company cannot currently conclude that it is more likely than not that the benefits will be realized. The net operating loss carryforward for income tax purposes of approximately $1,950,000 expires beginning in 2024. Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after a change in control (generally greater than a 50% change in ownership). In connection with the recording of a valuation allowance on our deferred tax asset, in fiscal 2003, we recorded deferred tax expense of $153,156.

WIRELESS AND WEB SOLUTIONS SEGMENT

For the year ended June 30, 2004 and 2003, we had net revenues of $176,701 and $395,761, respectively, which consisted of the following:

	Fiscal 2004	Fiscal 2003
Equipment and software Sales	$ 63,965	$191,786
Wireless Solutions and Web Services	112,178	179,563
Other	558	24,412
	$176,701	$395,761

For the year ended June 30, 2003, equipment sales included revenues from the sale of telephone equipment or approximately $78,000 that we no longer sell in the current period. Additionally, in fiscal 2003, we sold security cameras and related equipment that we no longer sell in the current period. In fiscal 2004, we had a decrease in revenues of $67,385 from our wireless and web services primarily due to the cancellation of our hosting and maintenance contracts with AIG Environmental.

For the year ended June 30, 2004 and 2003, we incurred cost of sales related to the sale of equipment of $27,019 and $157,656, respectively.

For the year ended June 30, 2004 and 2003, we incurred research and development expenses from the development of our new products of $30,163 and $64,742, respectively.

For the year ended June 30, 2004 and 2003, we incurred bad debt expenses of $5,195 and $15,922, respectively.

For the year ended June 30, 2004, selling and promotion expenses amounted to $166,367, which included $52,066 in commission expense, $48,868 in advertising expense, $1,408 of trade show expense, printing and reproduction expense of $3,847, and travel expenses of $60,178. For the year ended June 30, 2003, selling and promotion expenses amounted to $216,179, which included $27,132 in commission expense, $5,721 in advertising expense, $99,570 of trade show expense, printing and reproduction expense of $31,146, and travel expenses of $52,610.

For the year ended June 30, 2004, we incurred $1,577,232 of general and administrative expenses, which included salaries expense of $533,192, consulting expense of $287,634, rent expense of $43,797, professional fees of $93,566, stock-based compensation of $138,450, payroll taxes of $40,563, and other operating expenses. For the year ended June 30, 2003, we incurred $1,099,018 of general and administrative expenses, which included salaries expense of $578,899, consulting expense of $98,203, computer and internet related expenses of $33,038, rent expense of $42,772, professional fees of $58,207, postage and delivery of $36,862, payroll taxes of $39,327, and other operating expenses. For the year ended June 30, 2004, salaries were $533,192 as compared to $578,899 for the year ended June 30, 2003. For the year ended June 30, 2004, we recorded stock-based compensation of $138,450 from the issuance of common stock and grants of stock options and warrants for services. The increase in consulting fees for the year ended June 30, 2004 as compared to the year ended June 30, 2003 was attributable to an increase in fees paid for public relations services related to our MommyTrack product. The increase in rent expense for the year ended June 30, 2004 as compared to the year ended June 30, 2003 was attributable the increase in rent allocated to our wireless segment related to an increase in office space used by this segment.

For the year ended June 30, 2004 and 2003, interest income was $21,848 and $9,289, respectively. We currently invest our excess cash balances in primarily two interest-bearing accounts with two financial institutions.

ONLINE DISTANCE LEARNING SEGMENT

Revenues

For fiscal 2004, we had a 13.2% increase in earned revenues to $1,337,648 from $1,181,718 for fiscal 2003. In fiscal 2003 and the first part of fiscal 2004, we decreased our marketing efforts and were focusing on our wireless segment. In the latter part of fiscal 2004, we increased our marketing efforts and saw increased student enrollment in the second quarter of fiscal 2004. Our students completed their courses at a slower rate than expected. Unearned revenue represents the portion of tuition revenue invoiced but not earned and is reflected as a liability in the accompanying consolidated balance sheets. Since we will recognize tuition and registration revenue based on the number of courses actually completed in each student's course of study, student course completion efforts, if successful, are extremely beneficial to operating results. During the year ended June 30, 2004, we experienced a general slowdown in course completion by our students, which had an adverse effect on our revenue.

Tuition refunds are based on the date that the student cancels and the policy is as follows: If the student withdraws within 5 calendar days after midnight of the day the student signs the Enrollment Agreement (Full Refund Period) the student will receive a full refund with no further obligation. If the student cancels after the Full Refund Period but before the school receives the first completed lesson, the student will be charged a registration fee of

$150 and the student will receive a full refund less the registration fee charge. If the student cancels after the school receives the first completed lesson, the student's tuition obligation will be their registration fee plus a portion of the remaining tuition as defined below.

Percentage of Course Completed	Amount of Tuition Obligated
10% of less	10% of tuition
Between 11% - 25%	25% of tuition
Between 26% - 50%	50% of tuition
Over 50%.	Obligated for full tuition.

Expenses

Instruction and Educational Support

Instruction and educational support expenses consist primarily of student supplies such as textbooks as well as course development fees, credit card fees, computer related expenses, and printing fees. For the year ended June 30 2004, instructional and educational support expenses increased by 14.6% to $114,551 or 8.6% of net revenues as compared to $99,956 or 7.1% of net revenues for the year ended June 30, 2003. The increase in instructional and educational support expenses and the related percentages was mainly attributable to the fact that we have enrolled more students in the current period. Accordingly, student supply expense was $62,564 or 4.7% of net revenues for the year ended June 30, 2004 as compared to $42,835 or 3.0% of revenue for the year ended June 30, 2003. Printing and reproduction costs increased to $22,533 for the year ended June 30, 2004 as compared to $18,271 for the year ended June 30, 2003. Computer and internet expenses increased to $16,646 for the year ended June 30, 2004 as compared to $8,879 for the year ended June 30, 2003 due to increased development and maintenance of our websites and database related to our online university. Additionally, we incurred costs associated with course development for the year ended June 30, 2004 of $0 as compared to $11,592 for the year ended June 30, 2003.

Bad Debt Expenses

For the year ended June 30, 2004, bad debt expense amounted to $157,761 as compared to $161,435 for the year ended June 30, 2003, resulting from student inactivity.

Selling and Promotion

Selling and promotion expense consists primarily of recruiting fees, advertising and travel. For the year ended June 30, 2004, selling and promotion expenses increased by 18.8% to $162,966 or 12% of net revenues as compared to $137,224 or 11.6% of net revenues for the year ended June 30, 2003. The increase in selling and promotion expenses is attributable to the refocus of in our selling and promotion efforts to our distance learning segment. For the year ended June 30, 2004, advertising expense amounted to $61,499 as compared to $97,977 for the year ended June 30, 2003. Additionally, our recruiting fees increased to $92,472 for year ended June 30, 2004 from $28,186 for the year ended June 30, 2003. The increase is attributable to our increased use of recruiters to obtain students.

General and Administrative Expenses

General and administrative expenses, which includes salaries, stock-based compensation, professional fees, rent, insurance, and other expenses, were $2,032,947 for the year ended June 30, 2004 as compared to $780,294 for the year ended June 30, 2003. This amounted to 152% of net revenues for the year ended June 30, 2004 as compared to 66% for the year ended June 30,

2003. The increase was primarily due to the following factors:

The cost of professional fees decreased to $37,036 for the year ended June 30, 2004 as compared to $69,747 for the year ended June 30, 2003 due to the increased allocation of professional fees to our wireless technologies segment. For the year ended June 30, 2004, salaries were $255,220 as compared to salaries of $239,134 for the year ended June 30, 2003. The increase in salaries was attributable to the hiring of staff for marketing purposes. For the year ended June 30, 2004, we recorded stock-based compensation of $1,542,630 from the issuance of common stock and grants of stock options and warrants for services rendered as compared to $262,843 for the year ended June 30, 2003. Additionally, we experienced a decrease in postage and delivery, telephone expenses, rent, payroll taxes, and office expenses due to a decrease in student activity and increased allocations of our overhead expenses to our wireless segment.

Interest Income

Interest income was $108 for the year ended June 30, 2004 as compared to $9,632 for the year ended June 30, 2003, a decrease of $9,524 due to the fact that cash was transferred to our wireless segment. We currently invest our excess cash balances in primarily two interest-bearing accounts with two financial institutions.

SUMMARY OF CONSOLIDATED RESULTS

Net income (loss)

As a result of the foregoing factors, we recognized a net loss of $(3,621,924) or $(.36) per common share on a consolidated basis for the year ended June 30, 2004 as compared to a net loss of $(1,289,182) or $(.15) per common share for the year ended June 30, 2003.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2004, we had $5,696,316 in cash and equivalents and short-term investments, consisting of a certificate of deposit, on hand to meet our obligations.

In connection with a private placement, we sold one unit for $100,000 comprised of 100,000 shares of common stock and warrants entitling the holder to purchase up to 100,000 shares of the Company's common stock, at an exercise price of $1.00. Additionally, in March and April 2004, we consummated a capital raise through a private placement offered to accredited investors. We offered, through a placement agent, investment units consisting of 5,000 shares of our common stock offered at $4.00 per share with a callable warrant to purchase 5,000 shares of its common stock at $4.50 per share. The private placement was originally to be for a maximum amount of $5,000,000, but was subsequently increased to a maximum of $6,000,000. In connection with this private placement, we sold 300 units aggregating 1,500,000 shares of common stock and 1,500,000 warrants for net proceeds of $5,380,044. Additionally, during fiscal 2004, we received proceeds of $69,300 from the exercise of warrants and options. In the future, we may raise additional funds to expand our operations or to pursue acquisition opportunities or other expansion opportunities

During the year ended June 30, 2004 and 2003, we invested substantial time and resources developing and evaluating products and opportunities for our wireless solutions segment. We will continue to develop new wireless solutions for both of our segments and may consider acquisitions, business combinations, or start up proposals, which could be advantageous to our product lines or business plans, although the Company expects to be profitable in the future there can be no assurance.

Net cash used in operations was $799,817 for the year ended June 30, 2004 as compared to net cash used in operations of $459,548 for the year ended June 30, 2003. We used additional cash funds for salaries and expenses related to the development of our wireless security products. We feel that with expected positive cash flow, our current cash balance is sufficient to sustain our operations over the ensuing 12-month period, including the expected growth during this period.

Net cash used in investing activities for the year ended June 30, 2004 was $4,738,297 as compared to $775,215 for year ended June 30, 2003 and was primarily related to our investment in certificate of deposits during the year ended June 30, 2004 of $4,688,384 as compared to $701,614 for the year ended June 30, 2003. Additionally, we acquired property and equipment of $49,913 and $73,601 for the years ended June 30, 2004 and 2003, respectively.

Net cash provided by financing activities for the year ended June 30, 2004 was $5,549,344 as compared to $0 for year ended June 30, 2003. In fiscal 2004, we received net proceeds of $5,549,344 from the sales of common stock and exercise of stock options and warrants.

We currently have no material commitments for capital expenditures. Our future growth is dependent on our ability to raise capital for expansion, and to seek additional revenue sources. We have adequate cash funds to meet our operating needs trough fiscal 2005. However, if we decide to pursue any acquisition opportunities or other expansion opportunities, we may need to raise additional capital, although there can be no assurance such capital- raising activities would be successful.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has recently issued several new accounting pronouncements:

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective for the first interim period beginning after June 15, 2003, with certain exceptions. We adopted SFAS No. 150 in the first quarter of Fiscal 2004. The adoption of SFAS No. 150 did not have a significant impact on our consolidated financial position or results of operations.

ITEM 7. FINANCIAL STATEMENTS

The financial statements required by this report are included, commencing on page F-1.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no events required to be reported by this Item 8. On December 19, 2003, we filed a current report on Form 8-K regarding the resignation of our previous auditor, Grant Thornton, LLP and engaged our new auditor, Salberg & Company, P.A.

ITEM 8A. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by the annual report, being April 30, 2004, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's President. Based upon that evaluation, our company's President concluded that our company's disclosure controls and procedures are effective. There have been no significant changes in our company's internal controls or in other factors, which could significantly affect internal control subsequent to the date we carried out our evaluation.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our President as appropriate, to allow timely decisions regarding required disclosure.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The following individuals comprise our management team:

Steven M. Bettinger, 33 years old, has served as our Chief Executive Officer, President and Director since 1999. Mr. Bettinger founded Barrington University in 1993, and also and serves as an advisor to the E-learning market. Mr. Bettinger received his B.S. in Business Administration from Syracuse University where he attended on scholarship.

Robert Picow, 49 years old, has served as chairman of the Board since April 22, 2004 and as a director since July of 2003. In 1982, Mr. Picow founded Allied Distributors, a small electronics distributorship based in Philadelphia. In 1986, Allied Communications was formed and the company focused on cellular telephones and related products. Allied Communications became one of the leaders in this field and Mr. Picow served as C.E.O. until its merger in 1996 with Brightpoint, a publicly traded communications company. Mr. Picow served as Vice Chairman and a Director at Brightpoint until 1997. Robert served as a Director of S.B.A. Communications for a two-year term and is now a director of Streicher Mobile Fueling and Fundamental Management Corporation a private fund management company. Mr. Picow also serves on the Board of Trustees of the Children's Place at Home Safe a Palm Beach based charity.

Andrew Lockwood, 36 years old, has served as a director since April 2000. Mr. Lockwood is the principal owner of Black Acre Mortgage, Inc., a mortgage brokerage firm located in Fort Lauderdale, Florida. Previously, he served as President of Shochet Securities, a division of publicly traded financial service company. Before joining Shochet, Mr. Lockwood was employed as an attorney in the corporate and securities department of Atlas Pearlman, P.A., a law firm located in Fort Lauderdale, Florida and Graubard, Mollen & Miller, a law firm located in New York City. Mr. Lockwood received his J.D. from St. John's University School of Law and his B.A. from Wesleyan University. Mr. Lockwood is a member of the New York and Florida Bar Associations and serves on the board of The Daniel Cantor Senior Center in Sunrise, Florida.

Jordan Serlin, 32 years old, became Chief Operating Officer in July of 2003. He served on the Cenuco Advisory Board since March of 2003. Most recently, Mr. Serlin served as CEO, Americas for United Kingdom based Tenestra, Ltd. Tenestra was a leading global developer of component hardware and software for digital and embedded wireless closed circuit television security surveillance systems. Clients and projects included: British Customs, BMW, Pepcor Intl., British Petroleum, and the United States Transportation and Security Administration. Mr. Serlin spearheaded the successful sale of Tenestra's core technologies to General Electric's security subsidiary in late 2002. Mr. Serlin previously served as the chief marketing executive for FortuneCity, an online services provider. He was part of the management team which took that firm to its $90 million IPO in 1998 on the German NeurMarkt. He currently serves on the advisory boards of Sessions.edu, the Calyx Group, and the Brainstorm Venture Group, and Cualinet. He currently or previously served as a Director on the boards of : LookNbuy, Qool.com, Electronic Hollywood, and Tenestra USA.

Jack P. Phelan, 53 years old, has served as a director since March 2000. Since June 1998, Mr. Phelan served as President of Helios International Asset Management, a registered investment advisor located in Boca Raton, Florida. From January 1995 to June 1998, Mr. Phelan served as President of Nicholson/Kenny Capital Management, an investment management firm located in Boca Raton, Florida. Mr. Phelan is a member of the Association of Investment Management Research, the New York Society of Security Analysis, the Financial Analysts Society of South Florida, the International Society of Financial Analysts and the International Association for Financial Planning. Mr. Phelan is also a member of MENSA and the International Society of Philosophical Enquiry.

Tuyen V. Do, 33 years old, has served as a Director since July 26, 2004. Since 2003, Mr. Do serves as Vice President of Royal Palm Capital Partners, L.P., a middle market private equity firm. Prior to joining Royal Palm Capital Partners, Mr. Do was an investment banker at J.P. Morgan Securities, Inc. Mr. Do received his B.S. in Commerce with concentrations in Finance, Marketing and Management, his M.B.A., and his J.D. from the University of Virginia.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file with 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 shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, none of the required parties are delinquent in their 16(a) filings. Directors are elected at each annual meeting of stockholders and hold office until the next annual meeting of stockholders. Executive officers are elected by and serve at the discretion of the Board of Directors. The Board of Directors held 5 meetings during Fiscal 2004 and consented to approximately 5 corporate resolutions. We do not have an audit committee. The entire Board of Directors serves as the audit committee. Because of the small size of the Company and the risk attendant to a small public company, we are currently unable to attract an audit committee financial expert to our Board of Directors. There are no other committees of the Board of Directors.

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The table below sets forth information relating to the compensation we paid during the past two fiscal years to: (i) the President and Chief Executive Officer; and (ii) each other executive officer who earned more than $100,000 during Fiscal 2004 and 2003 (the "Named Executive Officers").

	Annual Compensation				Long-Term	
Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Awards ($)	Secu Unde Opt SA
Steven M. Bettinger,	2004	$242,692	$ 71,000(1)	$ -0-	$97,000 (3)	100
President and Chief	2003	$250,000	$ 82,000(2)	-0-	$42,000 (4)	100
Executive Officer						
Robert Picow,	2004	$ -	$449,300(5)	-0-	$ 9,700 (6)	10
Chairman of the Board	2003	$ -	$ -	-0-	$ 6,500 (7)	5
Jordan Serlin,	2004	$ 19,231	$ 86,000(8)	$37,659(10)	$58,200 (9)	60
Chief Operating Officer	2003	$ -	-	$ -0-	-	

(1) Represents the issuance of 100,000 shares of common stock at a fair market value of $0.71 on the date of issuance.
(2) Represents the issuance of 100,000 shares of common stock at a fair market value of $0.82 on the date of issuance.
(3) Represents value of 100,000 stock options granted at a fair market value on date of grant of $0.97.
(4) Represents value of 100,000 stock options granted at an exercise price of $.42.
(5) Represents the issuance of 125,000 shares of common stock at a average fair market value of $3.59 on the date of issuance.
(6) Represents value of 10,000 stock options granted at a fair market value on date of grant of $0.97.
(7) Represents value of 5,000 stock options granted at a fair market value on date of grant of $1.30.
(8) Represents the issuance of 20,000 shares of common stock at a fair market value of $4.30 on the date of issuance.
(9) Represents value of 60,000 stock options granted at a fair market value on date of grant of $0.97.
(10) Represents amount paid during year as independent contractor.

EMPLOYMENT AGREEMENTS

We were a party to an employment agreement with Steven M. Bettinger, our President and Chief Executive Officer, which was entered into December 1, 1999 for a term of two years. The employment agreement provided for an annual salary of $150,000, and a bonus determined in the sole discretion of our Board of Directors. Effective January 1, 2001, the Board of Directors approved a new two year employment agreement, which provides an increase in salary for Mr. Bettinger to $250,000 per year and a bonus to be determined in the sole discretion of our Board of Directors. In connection with the employment agreements mentioned herein, Mr. Steven M. Bettinger was granted options under the 2000 Plan to purchase an aggregate total of 400,000 (100,000 each year) shares of common stock in fiscal 2004, 2003, 2002 and fiscal 2001 at an exercise price equal to the fair value market value on the date of grant.

These options vest 1/3 per year beginning one year from the date of grant. The employment agreement entitles Mr. Bettinger to receive options to purchase 100,000 shares of our common stock each year of employment at fair value on the date of grant. The employment agreement provides for automatic 12-month renewals unless the employment agreement is terminated by us or Mr. Bettinger with 30 days prior written notice. We intend to renew this employment agreement.

OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth information concerning individual grants of options made during Fiscal 2004 to the Named Executive Officers.

	Number of Shares Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date
Steven M. Bettinger	100,000	19.8%	$1.15	January 2014
Robert Picow	10,000	2.0%	$1.15	January 2014
Jordan Serlin	60,000	11.9%	$1.15	January 2014

STOCK OPTIONS HELD AT END OF FISCAL 2004

The following table indicates the total number and value of exercisable and unexercisable stock options held by Named Executive Officers as of June 30, 2004.

	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options at Fiscal Year-End ($)(1)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Steven M. Bettinger	200,000	200,000	$ 970,000	$ 970,000
Robert Picow	1,667	13,333	$ 8,085	$ 64,665
Jordan Serlin	-	60,000	$ -	$ 291,000

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(1) Based on the OTC Bulletin Board last sales price for our common stock on September 14, 2004 in the amount of $4.85 per common share.

2000 PERFORMANCE EQUITY PLAN

On February 1, 2000, we adopted and implemented the 2000 Plan. The purpose of the 2000 Plan is to advance our interests by providing an additional incentive to attract and retain qualified and competent persons as employees, officers, directors and consultants upon whose efforts and judgment our success is largely dependent. The 2000 Plan was effective as of February 1, 2000, and, unless sooner terminated by our Board of Directors in accordance with the terms thereof, shall terminate on February 1, 2010. The number of shares of common stock that may be issued upon the exercise of options granted under the 2000 Plan, as amended, is 3,000,000. As of June 30, 2003, options to purchase a total of 1,361,000 shares had been granted pursuant to the 2000 Plan, all of which are outstanding and 702,667 of which are exercisable.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides certain information regarding our common stock beneficially owned as of September 15, 2004 by:

- each person who is known by us to own beneficially 5% or more of our common stock; each of our executive officers and directors; and
- all of our executive officers and directors as a group.

In accordance with SEC rules, options or warrants not exercisable within 60 days of this report are not considered part of the holder's beneficial ownership. As of September 20, 2004, there were 12,247,271 shares of common stock outstanding. Unless otherwise stated, the address for the beneficial shareholder is 6421 Congress Ave., Suite 201, Boca Raton, Florida 33487.

Name and Address of the Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage %
Steven M. Bettinger	3,602,982 (1)	28.79%
Robert Picow	184,167 (2)	1.47%
Jordan Serlin	20,000	0.0%
Adam Wasserman	20,036	0.0%
Andrew Lockwood	68,750 (3)	0.5%
Jack Phelan	72,500 (4)	0.5%
Tuyen V. Do	20,000	0.0%
All executive officers and Directors as a group (6 persons)	3,988,435	31.87%

(1) Includes 200,000 stock options exercisable as of September 20, 2004
(2) Includes 1,667 stock options exercisable as of September 20, 2004
(3) Includes 30,000 stock options exercisable as of September 20, 2004
(4) Includes 35,000 stock options exercisable as of September 20, 2004

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Robert Bettinger, our former chairman of the Board, is the majority shareholder of a consulting company that formerly rendered Internet consulting services to us. During the years ended June 30, 2004 and 2003, fees paid to the consulting company amounted to $67,000 and $73,000, respectively.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1	Registrant's Certificate of Incorporation(1)
3.2	Registrant's Amended and Restated Bylaws(1)
10.1	2000 Performance Equity Plan *(1)
10.2	Employment Agreement between the Registrant and Steven M. Bettinger(2)
21.1	Subsidiaries of the Registrant (2)
31.1	Certification of Chief Executive Officer in accordance with

18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002 (3)

31.2 Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002 (3)

32.1 Certification of Chief Executive Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 (3)

32.2 Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 (3)

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* Management Compensation Plan or Arrangement

(1) Incorporated herein by reference to the comparable exhibits filed with Registrant's Form 10-KSB for the fiscal year ended June 30, 2000.

(2) Incorporated herein by reference to the comparable exhibits filed with Registrant's Form 10-KSB for the fiscal year ended June 30, 2001.

(3) Filed herewith

(b) Reports on 8-K

On April 5, 2004, we reported that we consummated a capital raise through a private placement offered to accredited investors. We offered, through a placement agent, investment units consisting of 5,000 shares of its common stock offered at $4.00 per share with a callable warrant to purchase 5,000 shares of its common stock at $4.50 per share. The private placement was originally to be for a maximum amount of $5,000,000, but was subsequently increased to a maximum of $6,000,000.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The aggregate fees billed by the Company's auditors and previous auditors for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for fiscal 2004 and 2003 and reviews of the consolidated financial statements included in the Company's Forms 10-KSB for fiscal 2004 and 2003 were approximately $40,000 and $57,000, respectively.

AUDIT-RELATED FEES

For fiscal 2004 and 2003, the Company's current and previous auditors billed for service related to an S-3 registration filing with the SEC, and other items in the amount of $21,626 and $0, respectively. The Company's auditors did not bill any additional fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above.

TAX FEES

The aggregate fees billed by the Company's auditors for professional services for tax compliance, tax advice, and tax planning were $0 and $0 for fiscal 2004 and 2003, respectively.

ALL OTHER FEES

The aggregate fees billed by the Company's auditors for all other non-audit services rendered to the Company, such as attending meetings and other miscellaneous financial consulting, in fiscal 2004 and 2003 were $0 and $0, respectively.

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004

CONTENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Cenuco, Inc.

We have audited the accompanying consolidated balance sheet of Cenuco, Inc. and Subsidiaries (the "Company") as of June 30, 2004 and the related consolidated statement of operations, stockholders' equity and cash flows for the year ended June 30, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements as of June 30, 2003 were audited by other auditors whose report dated August 27, 2003 expressed an unqualified opinion on those consolidated financial statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cenuco, Inc. and Subsidiaries at June 30, 2004, and the consolidated results of their operations and their consolidated cash flows for the year ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ SALBERG & COMPANY, P.A.
Boca Raton, Florida
September 15, 2004

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Grant Thornton
Accountants and Business Advisors

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

Board of Directors
Cenuco, Inc.
(formerly Virtual Academics.com, Inc.)

We have audited the accompanying consolidated statement of operations, stockholders' equity and cash flows of Cenuco, Inc. and Subsidiaries (the "Company") for the year ended June 30, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and consolidated cash flows of Cenuco, Inc. and Subsidiaries for the year ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Miami, Florida
August 27, 2003

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CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
June 30, 2004

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	
Short-term Investments	
Tuition Receivable - current (Net of Allowance for Doubtful Accounts of $101,989)	
Accounts Receivable (Net of Allowance for Doubtful Accounts of $2,400)	
Inventories	
Other Current Assets	
Total Current Assets	
PROPERTY AND EQUIPMENT:	
Computer Equipment and Software	
Furniture, Fixtures and Office Equipment	
Leasehold Improvements	
Total Property and Equipment	
Less: Accumulated Depreciation	
Total Property and Equipment, Net	
OTHER ASSETS:	
Tuition Receivable - non-current (Net of Allowance for Doubtful Accounts of $302,760)	
Deferred Recruiting Fees	
Security Deposits	
Total Other Assets	
Total Assets	

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts Payable	
Unearned Revenues	
Accrued Recruiting Fees	
Other Accrued Expenses	
Total Current Liabilities	
NON-CURRENT LIABILITIES:	
Unearned Revenues, Net of Current Portion	
Accrued Recruiting Fees, Net of Current Portion	
Total Non-Current Liabilities	
Total Liabilities	

COMMITMENTS AND CONTINGENCIES (See Note C)

STOCKHOLDERS' EQUITY:

Preferred Stock ($.001 Par Value; 1,000,000 Shares Authorized) No Shares Issued and Outstanding)	
Common Stock ($.001 Par Value; 25,000,000 Shares Authorized; 12,137,271 Shares Issued and Outstanding)	
Common Stock Issuable (13,036 shares)	
Additional Paid-in Capital	
Accumulated Deficit	
Deferred Consulting	
Total Stockholders' Equity	
Total Liabilities and Stockholders' Equity	

See accompanying notes to consolidated financial statements

CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year June 3
	2004
NET REVENUES:	
Tuition and Tuition-related	$ 1,337,648
Wireless Products and Services	176,701
NET REVENUES	1,514,349
COSTS AND EXPENSES:	
Cost of Equipment Sales - Wireless Products and Services	27,019
Instructional and Educational Support	114,551
Research and Development	30,163
Bad Debt Expense	162,956
Selling and Promotion	329,333
Impairment Loss	884,028
General and Administrative	3,610,179
Total Operating Expenses	5,158,229
LOSS FROM OPERATIONS	(3,643,880)
OTHER INCOME:	
Interest Income	21,956
LOSS BEFORE INCOME TAXES	(3,621,924)

INCOME TAX EXPENSE:	
Deferred Income Tax	-
Total Income Tax Expense	-
NET LOSS	$ (3,621,924)
BASIC AND DILUTED:	
Net Loss Per Common Share - Basic and Diluted	$ (0.36)
Weighted Common Shares Outstanding - Basic and Diluted	10,047,698

See accompanying notes to consolidated financial statements

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CENUCO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended June 30, 2004 and 2003

	Common Stock $.001 Par		Common Stock Issuable		Additional Paid-in Capital	Accumulated Deficit	Deferred Compensation
	Shares	Amount	Shares	Amount			
Balance at June 30, 2002	8,701,467	$ 8,701	-	$ -	$ 1,383,264	$ (322,294)	$ -
Net Loss	-	-	-	-	-	(1,289,182)	-
Common Stock Issued for Services	279,594	280	-	-	236,563	-	-
Common stock options granted	-	-	-	-	52,000	-	(26,000)
Balance at June 30, 2003	8,981,061	8,981	-	-	1,671,827	(1,611,476)	(26,000)
Net Loss	-	-	-	-	-	(3,621,924)	-
Common Stock Issued for Services	1,266,464	1,266	3,036	3	1,687,230	-	(532,500)
Common stock Issued for Intangible Asset	200,000	200	-	-	949,800	-	-

Exercise of Stock Options and Warrants	76,666	77	10,000	10	69,213	-	-
Common stock options and warrants granted	-	-	-	-	381,762	-	(297,862)
Common Stock Issued for Debt	13,080	13	-	-	8,987	-	-
Sale of common stock and warrants, net of offering costs	1,600,000	1,600	-	-	5,478,444	-	-
Amortization of deferred compensation	-	-	-	-	-	-	441,181
Balance at June 30, 2004	12,137,271	$12,137	13,036	$13	$10,247,263	$(5,233,400)	$(415,181)

See accompanying notes to consolidated financial statements

CENUCO, INC. AND SUBSIDIAIRES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Yea June 3
	2004
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	$(3,621,924)
Adjustments to Reconcile Net Loss to Net Cash Flows	
Used in Operating Activities:	
Depreciation	113,162
Stock-Based Compensation	1,681,080
Deferred Income Taxes	-
Provision for Doubtful Accounts	(55,844)
Impairment Loss	884,028
(Increase) Decrease in:	
Tuition Receivable	50,648
Accounts Receivable	(1,047)
Inventories	14,532
Deferred Recruiting Fees	26,505
Other Current Assets	(44,194)
Other Assets:	
Tuition Receivable - Non-current	225,065
Deferred Recruiting Fees - Non-current	4,556

Increase (Decrease) in:	
Accounts Payable	109,855
Unearned Revenues	(124,815)
Accrued Recruiting Fees	(16,146)
Other Accrued Expenses	45,064
Other Liabilities:	
Unearned Revenues - Non-current	(77,534)
Accrued Recruiting Fees - Non-current	(12,808)
Net Cash Flows Used in Operating Activities	(799,817)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in Short-term Investment	(4,688,384)
Acquisition of Property and Equipment	(49,913)
Net Cash Flows Used in Investing Activities	(4,738,297)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Exercise of Stock Options and Warrants	69,300
Net Proceeds from Sale of Common Stock	5,480,044
Net Cash Flows Provided by Financing Activities	5,549,344
Net Increase (Decrease) in Cash and Cash Equivalents	11,230
Cash and Cash Equivalents - Beginning of Year	295,088
Cash and Cash Equivalents - End of Year	$ 306,318
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ -
Income Taxes	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:	
Common stock issued for Debt (See Note D)	$ 9,000
Common stock issued for Intangible Asset (See Note D)	$ 950,000

See accompanying notes to consolidated financial statements

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2004

NOTE A - ORGANIZATION

Currently, Cenuco, Inc., (a Delaware corporation) and Subsidiaries (the "Company") is engaged in two different business segments:

Cenuco, Inc., a Florida corporation ("Cenuco") and wholly-owned subsidiary of Cenuco, Inc. (a Delaware corporation), has pioneered the ability to transmit live streaming video onto cellular phones, cellular capable Personal Digital Assistants, 802.x devices, and remote computers. The patent pending core technology has been productized as a security remote video monitoring family of products for the retail/consumer, small to medium size enterprise, as well as for large enterprise, government, and homeland security market sectors. Cenuco's cellular remote video monitoring products are approved for sale to all Federal and military agencies, including the Department of Homeland Security. Cenuco was issued a five-year General Services Administration Contract number, GS-04F-0025N, in July 2003. Cenuco also develops wireless solutions and web services for the academic, real estate, and other markets. By offering remote monitoring services and technologies as a product and for licensing, Cenuco is positioned to grow within the application space worldwide.

Additionally, the Company, through its wholly-owned subsidiary, Barrington University, Inc. ("Barrington"), is engaged in the online distance learning industry with a focus on the international, mid-career adult and corporate training markets since 1993 through various predecessor entities. The Company offers programs in a variety of concentrations to students in over 90 countries worldwide. The Alabama Department of Education licenses the School. There are also arrangements with several international universities that confer dual degrees and certificates based on the School's approval of the curriculum.

The Company's administrative and sales office is located in Boca Raton, Florida and Mobile, Alabama.

The Company has exhibited negative trends in its net results of operations and cash flows since fiscal year 2002. These factors may suggest certain risks and uncertainties surrounding the Company's current operations and ability to continue as a going concern. However, such risks and uncertainties are mitigated due to such positive aspects of the Company's financial position at June 30, 2004 including cash and liquid investment balances of $5,696,316 and a positive working capital position of $5,536,025.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Management Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates in 2004 include the provision for doubtful accounts, unearned revenue, prepaid and accrued recruiting fees, valuation of stock-based compensation, and the valuation of the software intangible asset. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

Short Term Investment

Short-term investment includes a certificate of deposit ("CD") with a maturity of greater than three months. At June 30, 2004, the Company owns a CD with a balance of $5,389,998. The CD bears interest at 1.69% and matures on February 24, 2005.

Tuition Receivable

The Company, in the ordinary course of business finances the tuition, without interest, over a period of up to twenty-four months. Because a significant part of the tuition is deferred, the Company does not impute interest with respect to receivables that mature in more than one year. Tuition receivables are stated at the amount of unpaid principal, reduced by an allowance for receivable loan losses. A large portion of accounts receivable represents receivables for coursework students have not yet initiated and are offset by a related deferred revenue liability. Provisions for estimated losses on student receivables are charged to income in amounts sufficient to maintain the allowance at a level considered adequate to cover the losses of tuition receivables based upon historical trends, economic conditions and other information.

Accounts receivable

Accounts receivable are reported at net realizable value. The Company has established an allowance for doubtful accounts based upon factors pertaining to the credit risk of specific customers, historical trends, and other information. Delinquent accounts are written-off when it is determined that the amounts are uncollectible.

(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Recruiting Fees

Students learn about the School via the Internet or are recruited through a worldwide network of recruiters. Recruiters are paid recruiting fees upon receipt of tuition payment by the student. Recruiting fees are accrued as a liability relating to the tuition due the Company, and deferred as an asset relating to the portion of revenue that has been deferred (unearned). The Company amortizes deferred recruiting fees using the same method as the Company recognizes the related tuition revenue and is based on the number of courses actually completed in each student's course of study.

Inventories

Inventories, consisting of security cameras and equipment, are stated at the lower of cost or market utilizing the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated economic lives of the assets, which are from five to seven years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense was $47,190 and $38,027 for the years ended June 30, 2004 and 2003, respectively.

Intangibles and other Long-Lived Assets

The Company reviews the carrying value of intangibles and other long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison of its carrying amount to the undiscounted cash flows that the asset or asset group is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value. Goodwill represents the excess of the cost of the Company's acquired subsidiaries or assets over the fair value of their net assets at the date of acquisition. Under Statement of Financial Accounting Standards ("SFAS") No. 142, goodwill is no longer subject to amortization over its estimated useful life; rather, goodwill is subject to at least an annual assessment for impairment applying a fair-value based test. In June 2004, based on an impairment test, the Company decided to write-off a software intangible asset balance of $884,028 relating to the acquisition of assets under a purchase agreement, in April 2004, in the Company's wireless solutions segment. The decision to recognize an impairment loss was made in light of the Company's subsidiary inability to generate a profit after the acquisition, mounting intercompany balances, the length of time estimated for us to recover the initial investment, and the uncertainty of market conditions and business performance.

(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The carrying values of short term investments, short-term tuition and accounts receivables, and accounts payable approximate fair value due to the short term maturities of these instruments.

Stock-based Compensation

The Company accounts for stock options issued to employees in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation cost is measured on the date of grant as the excess of the current market price of the underlying stock over the exercise price. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS 148, "Accounting for Stock-Based Compensation -Transition and Disclosure", which permits entities to provide pro forma net income (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-valued based method defined in SFAS No. 123 had been applied. The Company accounts for stock options and stock issued to non-employees for goods or services in accordance with the fair value method of SFAS 123.

The exercise prices of all options granted by the Company equal the market price at the dates of grant. No compensation expense has been recognized. Had compensation cost for the stock option plan been determined based on the fair value of the options at the grant dates consistent with the method of SFAS 123, "Accounting for Stock Based Compensation", the Company's net loss and loss per share would have been changed to the pro forma amounts indicated below for the years ended June 30, 2004 and 2003:

	Year ended June 30, 2004	Year ended June 30, 2003
Net loss as reported	$(3,621,924)	$(1,289,182)
Add: total stock-based employee compensation expense determined under fair value based method, net of related tax effect	(154,832)	(99,320)
Pro forma net loss	$(3,776,756)	$(1,388,502)
Basic loss per share:		
As reported	$ (.36)	$ (.15)
Pro forma	$ (.38)	$ (.16)

The above pro forma disclosures may not be representative of the effects on reported net earnings for future years as options vest over several years and the Company may continue to grant options to employees.

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Stock-based Compensation (continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants:

	2004	2003

	----	----
Dividend yield	0%	0%
Expected volatility range	74% to 81%	71% to 81%
Risk-free interest rate	4.50%	4.50%
Expected holding periods	5-10 years	5 years

Revenue Recognition

The Company follows the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin 104 for revenue recognition. In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured. The following policies reflect specific criteria for the various revenues streams of the Company:

In connection with the development and sale of wireless solutions and web services, which include the development of business-to-business and business-to-consumer wireless applications, and state of the art wireless technology and services, the Company recognizes revenue as services are performed on a pro-rata basis over the contract term or products are delivered. The Company has executed a distribution agreement whereby the distributor may purchase wireless product on consignment. Any sales made to the distributor under this agreement will be recorded as a deferred revenue liability until such time as the distributor has sold the product at which time the Company will recognize the related revenues.

The Company recognizes tuition and registration revenues from its online distance learning segment based on the number of courses actually completed in each student's course of study. For example, if a student completes three out of his nine required courses, the Company will recognize 33% of the tuition regardless of the amount of time that the student has taken to fulfill these requirements.

Refunds are based on the date that the student cancels and the policy is as follows: If the student withdraws within 5 calendar days after midnight of the day the student signs the Enrollment Agreement (Full Refund Period) the student will receive a full refund with no further obligation. If the student cancels after the Full Refund Period but before the school receives the first completed lesson, the student will be charged a registration fee of $150 and the student will receive a full refund less the registration fee charge.

(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition - Continued

If the student cancels after the school receives the first completed lesson, the student's tuition obligation will be their registration fee plus a portion of the remaining tuition as defined below.

Percentage of Course Completed	Amount of Tuition Obligated
10% of less	10% of tuition
Between 11% - 25%	25% of tuition

Between 26% - 50%	50% of tuition
Over 50%	Obligated for full tuition.

When a student withdraws, the Company writes off the remaining tuition receivable balance against the remaining unearned revenue balance and records any credit difference to revenues as surrendered tuition deposits less an estimated refundable tuition liability and any debit difference to bad debt expense.

Change in Accounting Principle

For the fiscal year ended June 30, 2004, the Company changed its policy for accounting for withdrawn students in its online distance learning segment. This change is treated as a change in accounting principle. For those students with net receivable balances upon withdrawal, the net debit balance will be charged to bad debt expense rather than to revenues. Management believes this method is preferable as it better reflects the entity's bad debt on withdrawn students. The pro forma net effect on the comparable 2003 consolidated financial statements would be a reclassification of $226,166 from revenues to bad debt expense. There is no net effect in any year presented in the accompanying consolidated financial statements on the Company's net results of operations, net loss per share, financial position or cash flows.

Income Taxes

Income taxes are accounted for under the asset and liability method of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes ("SFAS 109"). Under SFAS 109 deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising

Advertising is expensed as incurred. Advertising expenses for the years ended June 30, 2004 and 2003 totaled $110,367 and $103,698, respectively.

Research and Development

Expenditures for software research and development are expensed as incurred. Such costs are required to be expensed until the point that technological feasibility of the software is established. Technological feasibility is determined after a working model has been completed. The Company's software research and development costs primarily relate to software development during the period prior to technological feasibility and are expensed as incurred. During fiscal 2004 and 2003, no software development costs were capitalized.

Earnings (Loss) Per Common Share

Basic net earnings (loss) per share equals net earnings (loss) divided by the weighted average shares outstanding during the year. The computation of diluted net earnings per share does not include dilutive common stock equivalents in the weighted average shares outstanding as they would be antidilutive. The reconciliation between the computations is as follows:

	Net Loss	Basic Shares	Basic EPS
2004	$ (3,621,924)	10,047,698	$ (.36)
2003	$ (1,289,182)	8,767,481	$ (.15)

Not included in basic shares are stock options of 1,361,000 and 926,000 because they are anti-dilutive in 2004 and 2003, respectively.

Recent Accounting Pronouncements

The Financial Accounting Standards Board has recently issued several new accounting pronouncements:

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective for the first interim period beginning after June 15, 2003, with certain exceptions. We adopted SFAS No. 150 in the first quarter of Fiscal 2004. The adoption of SFAS No. 150 did not have a significant impact on our consolidated financial position or results of operations.

(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain amounts in the 2003 consolidated financial statements have been reclassified to conform to the 2004 consolidated financial statement presentation. These reclassifications had no impact on previously reported net results of operations or stockholders' equity (deficit).

NOTE C - COMMITMENTS AND CONTINGENCIES

Employment Agreements

The Company entered into an employment agreement with its executive officer for a 24-month period ending January 1, 2003, subject to automatic renewals of 12-month terms unless terminated by the Company or the employee with 30-days' prior written notice. In addition to an annual salary of up to $250,000 for the President and Chief Executive Officer the agreements entitle the officers to receive options to purchase 100,000 shares of common stock of the Company each year of employment at fair market value. These options were issued under the Company's stock option plan (see Note D). These options vest 1/3 per year, beginning one year from the date of grant. The agreement also provide for the receipt of an annual bonus at the discretion of the Board of Directors. During fiscal 2004 and 2003, the Company's President received a discretionary bonus of each year of 100,000 shares of common stock, respectively. (See Note D).

Litigation

From time to time, the Company faces litigation in the ordinary course of business. Currently the Company is not involved with any litigation which will have a material adverse effect on its financial condition.

Leases

The Company leases its Florida and Alabama offices under leases that expire through July 2005. The office lease agreements have certain escalation clauses and renewal options. Future minimum rental payments required under this operating lease is as follows:

Year Ended June 30, 2005	$ 90,501
Year Ended June 30, 2006	$ 7,016

Rent expense for the twelve-month periods ended June 30, 2004 and 2003 was $88,004 and $89,288, respectively.

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE D - STOCKHOLDERS' EQUITY

Stock Options

On February 1, 2000, the Company adopted a stock option plan (the "2000 Performance Equity Plan"). A majority of the shareholders of the Company approved the Plan. The plan provides options exercisable for a maximum of 3,000,000 shares of common stock to be granted. Both incentive and nonqualified stock options may be granted under the Plan.

The exercise price of options granted pursuant to this plan is determined by a committee but may not be less than 100% of the fair market value on the day of grant. For holders of 10% or more of the combined voting power of all classes of the Company's stock, options may not be granted at less than 110% of the fair value of the common stock at the date of grant and the option may not exceed 5 years. There were 26,666 and no options exercised during the fiscal years 2004 and 2003, respectively. There were 43,334 and 275,000 options forfeited during fiscal years 2004 and 2003, respectively. The exercise prices of all options granted by the Company equal the market price at the dates of grant. No compensation expense has been recognized.

A summary of the status of the Company's outstanding stock options as of June 30, 2004 and 2003 and changes during the year ending on that date is as follows:

	Shares	Weighted Average Exercise Price

Outstanding at June 30, 2002	891,000	$ 1.23
Granted	310,000	0.57
Exercised	-	-
Forfeited	(275,000)	(2.30)
Outstanding at June 30, 2003	926,000	$ 0.70
Granted	505,000	1.50
Exercised	(36,666)	(0.53)
Forfeited	(33,334)	(2.19)
Outstanding at June 30, 2004	1,361,000	$ 0.96
Options exercisable at end of year	702,667	$ 0.89

Weighted-average fair value of options granted during the year	2004	2003
	$1.50	$0.57

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE D - STOCKHOLDERS' EQUITY - Continued

Stock Options - continued

The following information applies to options outstanding at June 30, 2004:

2004

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$2.50 to $2.65	55,000	5.66	$ 2.50	55,000	2.50
$2.00	210,000	7.88	$ 2.00	105,000	2.00
$1.15 to $1.55	345,000	8.98	$ 1.21	18,333	1.44
$0.35 to $0.55	751,000	6.75	$ 0.45	524,334	0.47

The exercise price of all options granted by the Company equals the market price at the date of grant. Accordingly, no compensation expense has been recognized on options granted to employees and directors.

On August 29, 2002, the Company granted options to purchase 240,000 shares of common stock to certain employees of the Company of which 20,000 were cancelled during fiscal 2003. The options are exercisable at $.42 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On August 29, 2002, the Company granted options to purchase 20,000 shares of common stock to non-employee directors. The options expire on August 29, 2012 and are exercisable at $.42 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On January 7, 2003, the Company granted options to purchase 10,000 shares of common stock to an employee of the Company. The options are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

On January 7, 2003, the Company granted options to purchase 40,000 shares of common stock to consultants for serviced rendered and to be rendered through December 2003. The options expire on January 7, 2013 and are exercisable at $1.55 per share, which was the fair market value of the common stock at the grant date. These options were valued using the Black-Scholes pricing method at a fair value of $1.30 per option. Accordingly, the Company recorded consulting expense of $26,000 and deferred compensation of $26,000 that was amortized over the service period.

(continued)

NOTE D - STOCKHOLDERS' EQUITY - Continued

Stock Options - continued

On August 14, 2003, the Company granted options to purchase 50,000 shares of common stock to an employee of the Company. The options are exercisable at $1.15 per share, which exceeds the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized. The options expire on August 14, 2013 or earlier due to employment termination.

On January 7, 2004, the Company granted options to purchase 240,000 shares of common stock to employees and to non-employee directors of the Company. The options are exercisable at $1.15 per share, which exceeds the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized. The options expire on January 7, 2014 or earlier due to employment termination.

On January 7, 2004, the Company granted options to purchase 5,000 shares of common stock to a consultant for services rendered. The options are exercisable at $1.15 per share. The fair value of this warrant grant was estimated at $0.97 per option on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 81 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 10 years. In connection with these option, the Company recorded compensation expense of $4,850 for the year ended June 30, 2004. The options expire on January 7, 2014.

On January 16, 2004, the Company granted options to purchase 135,000 shares of common stock to employees and to non-employee directors of the Company. The options are exercisable at $2.00 per share, which exceeds the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized. The options expire on January 16, 2016 or earlier due to employment termination.

On January 16, 2004, the Company granted options to purchase 75,000 shares of common stock to three consultants for serviced rendered. The options expire on January 16, 2009 and are exercisable at $2.00 per share, which exceeded the fair market value of the common stock at the grant date. These options were valued using the Black-Scholes pricing method at a fair value of $1.054 per option. Accordingly, the Company recorded consulting expense of $79,050 related to these options.

(continued)

NOTE D - STOCKHOLDERS' EQUITY - Continued

Common stock warrants

On December 10, 2003, the Company entered into a thirteen month agreement with two consultants beginning on December 18, 2003. The consultants received an aggregate of 850,000 warrants to purchase shares of the Company's common stock at an exercise price of $1.00 per share. The fair value of this warrant grant was estimated at $0.35 per warrant on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions dividend yield of -0- percent; expected volatility of 64 percent; risk-free interest rate of 4.50 percent and an expected holding periods of 5.00 years. In connection with these warrants, the Company recorded compensation expense of $148,931 for the year ended June 30, 2004 and deferred compensation of $148,931, which will be amortized over the service period. The warrants expire on December 18, 2008.

In December 10, 2003, in connection with a private placement, the Company granted 100,000 warrants to purchase 100,000 shares of common stock at $1.00 per share. The warrants expire on April 26, 2009.

In March and April 2004, in connection with a private placement, the Company granted 1,500,000 warrants to purchase 1,500,000 shares of common stock at $4.50 per share. The warrants expire on April 26, 2009.

In May 2004, in connection with a private placement, the Company granted 300,000 warrants to purchase 300,000 shares of common stock at $5.00 per share and 50,000 warrants to purchase 50,000 shares of common stock at $6.50 per share. The warrants expire on June 24, 2009.

A summary of the status of the Company's outstanding stock warrants granted for services as of June 30, 2004 and changes during the year is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2003	-	$ -
Granted	850,000	1.00
Exercised	(50,000)	(1.00)
Forfeited	-	-
Outstanding at June 30, 2004	800,000	$ 1.00

Warrants exercisable at end of year ...	2,750,000	$ 3.40

Weighted-average fair value of warrants granted during the year	2004
	$0.35

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE D - STOCKHOLDERS' EQUITY - Continued

Common stock warrants - continued

The following information applies to all warrants outstanding at June 30, 2004:

	Warrants Outstanding			Warrants Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$1.00	900,000	4.45	$ 1.00	55,000	2.50
$4.50	1,500,000	4.88	$ 4.50	1,500,000	4.50
$5.00 to $6.50	350,000	4.99	$ 5.21	350,000	5.21

Common Stock

On December 3, 2002, the Company issued 13,290 shares of common stock to consultants for services rendered. Such shares were valued at their market value on the date of issuance at $1.39 per share. Accordingly, the Company recorded consulting expense of $18,474 related to the consulting services.

On April 11, 2003, the Company issued an aggregate of 200,000 shares of common stock to its President and to its Chairman of the Board as a discretionary bonus. Such shares were valued at their market value on the date of issuance at $.82 per share. Accordingly, the Company recorded non-cash compensation of $164,000 related to this bonus.

On April 11, 2003, the Company issued 66,304 shares of common stock to directors, and consultants for services rendered. Such shares were valued at their market value on the date of issuance at $.82 per share. Accordingly, the Company recorded non-cash compensation of $24,600 and consulting expense of $29,769 related to the services performed.

On September 18, 2003, the Company issued 15,000 shares of common stock to independent directors for services rendered. Such shares were valued at their market value on the date of issuance at $1.02 per share and recorded consulting expense of $15,300 related to the consulting services.

On September 18, 2003, the Company issued 13,080 shares of common stock for accounts payable amounting to $9,000. Such shares were valued at their market value at the beginning of the quarter of the services performed. There was no gain or loss based on the $.69 per share fair value of the common stock.

On December 10, 2003, the Board of Directors approved an increase in the authorized common shares to 25,000,000.

(continued)

NOTE D - STOCKHOLDERS' EQUITY - Continued

On December 10, 2003, the Company issued 260,000 shares of common stock to officers of the Company and to independent directors for services rendered. Such shares were valued at their market value on the date of issuance at $.71 per share. The Company recorded compensation of $184,600 related to these services.

On December 10, 2003, in connection with consulting agreements, the Company issued 777,464 restricted shares of common stock for services rendered and to be rendered in the future. The Company valued these shares at their market value on the date of issuance of $.71 per share. In connection with these shares, through June 30, 2004, the Company recorded compensation expense of $285,749 and deferred compensation of $266,250, which will be amortized over the remaining service period.

On December 31, 2003, in connection with a private placement, the Company sold one unit for $100,000 comprised of 100,000 shares of common stock and warrants entitling the holder to purchase up to 100,000 shares of the Company's common stock, at an exercise price of $1.00. The warrants expire on December 31, 2008.

On March 2, 2004, in connection with a new employee, the Company is to issue 17,000 shares of common stock. The Company valued these shares at their market value on the date of issuance of $5.00 per share and recorded compensation expense of $85,000.

During the year ended June 30, 2004, the Company granted 3,036 shares of common stock for services rendered. The Company valued these shares at their market value on the first date at the beginning of the service period at $1.10 to $4.50 per share and recorded professional fees of $4,500. As of June 30, 2004, these shares had not been issued and are included in common stock issuable on the consolidated balance sheet.

During the year ended June 30, 2004, the Company issued 76,666, and has issuable at June 30, 2004, 10,000 shares of common stock upon the exercise of an option for proceeds of $69,300.

In March 2004, the Company consummated a capital raise through a private placement offered to accredited investors. The Company offered, through a placement agent, investment units each consisting of 5,000 shares of its common stock offered at $4.00 per share with a callable warrant to purchase 5,000 shares of its common stock at $4.50 per share. The private placement was originally to be for a maximum amount of $5,000,000, but was subsequently increased to a maximum of $6,000,000. In connection with this private placement, the Company sold 300 units under the private placement aggregating 1,500,000 shares of common stock and 1,500,000 warrants for net proceeds of $5,380,044.

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE D - STOCKHOLDERS' EQUITY - Continued

On April 15, 2004, the Company entered an Asset Purchase Agreement with a third party and acquired certain intellectual property for 200,000 shares of common stock. The Company valued these shares at the market value on the date of the agreement of $4.75 per share and recorded an intangible asset of $950,000. Subsequent to the acquisition of the intellectual property, management determined that the asset was fully impaired. See Note B.

On May 13, 2004, the Company issued 197,000 shares of common stock to officers of the Company, independent directors, and to consultants for services rendered. Such shares were valued at their market value on the date of issuance at $4.30 per share. The Company recorded compensation expense of $847,100 related to these services.

NOTE E - INCOME TAXES

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences, which give rise to a net deferred tax asset is as follows:

	2004	2003
Deferred tax benefits - current		
Allowance for doubtful accounts	$ 154,717	$ 175,940
Deferred tax benefits - noncurrent		
Net operating loss carryforward	755,891	361,000
Total deferred tax assets	910,608	536,940
Less: Valuation allowance	(910,608)	(536,940)
	$ -	$ -

As of June 30, 2002, the Company did not record a valuation allowance on the deferred tax assets because the Company's ability to realize these benefits was "more likely than not". The deferred tax asset was reported in the accompanying balance sheet at June 30, 2002. As a result of continuing losses in the wireless segment, the net deferred taxes was fully offset by a valuation allowance at June 30, 2003 since the Company cannot currently conclude that it is more likely than not that the benefits will be realized. The net operating loss carryforward for income tax purposes of approximately $1,990,000 at June 30, 2004, expires in 2024. Internal Revenue Code Section 382 places a limitation on the amount of taxable income that can be offset by carryforwards after a change in control (generally greater than a 50% change in ownership).

(continued)

Cenuco, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE E - INCOME TAXES - Continued

The table below summarizes the differences between the Company's effective tax rate and the statutory federal rate as follows for fiscal 2004 and 2003:

	2004	2003
Computed "expected" tax expense (benefit)	(34.0%)	(34.0%)
State income taxes	(4.0%)	(4.0%)
Other permanent differences	0.0%	8.0%
Change in valuation allowance	38.0%	43.5%
Effective tax rate	0.00%	13.5%

The valuation allowance at June 30, 2004 was $910,608. The increase during fiscal 2004 was $373,668.

NOTE F - RELATED PARTY TRANSACTIONS

The Company's former Chairman of the Board and Secretary, is the majority shareholder of a consulting company that renders Internet consulting services to the Company. During the years ended June 30, 2004 and 2003, fees paid to the consulting company amounted to approximately $67,000 and $73,000, respectively, and are included as part of administrative expenses.

NOTE G - CONCENTRATION OF CREDIT RISK

The Company maintains its cash in bank deposit accounts, which, at times, exceed federally insured limits. At June 30, 2004, the Company had $5,289,998 in a United States bank CD and $204,217 in United States bank deposits, which exceed federally insured limits. The Company has not experienced any losses in such accounts through June 30, 2004.

NOTE H - SUBSEQUENT EVENTS

In July 2004, the Company issued 10,000 shares of common stock previously issuable.

In August 2004, the Company issued 100,000 shares of common stock upon the exercise of 100,000 warrants for proceeds of $100,000.

In July 2004, the Company granted options to purchase 40,000 shares of common stock to certain employees of the Company. The options are exercisable at $3.70 per share, which was the fair market value of the common stock at the grant date. Accordingly, under APB 25, no compensation expense was recognized.

(continued)

NOTE I - SEGMENT INFORMATION

In fiscal 2004 and 2003, the Company operates in two reportable business segments - (1) the development and sales of wireless solutions and web services and (2) the online distance learning industry. The wireless sector and company focus includes the development of business-to- business and business-to-consumer wireless applications, and state of the art web technology and design services. The online distant learning segment provides internet education to student internationally. The Company's reportable segments are strategic business units that offer different products, which compliment each other. They are managed separately based on the fundamental differences in their operations. Information with respect to these reportable business segments for the year ended June 30, 2004 and 2003 is as follows:

	For the Year Ended June 30, 2004	2003
Net Sales:		
Online distance learning	$ 1,337,648	$ 1,181,718
Wireless solutions	176,701	395,761
Total net sales	1,514,349	1,577,479
Costs and Operating Expenses:		
Online distance learning	2,440,347	1,148,746
Wireless solutions	2,604,720	1,545,653
Total Costs and Operating Expenses:	5,045,067	2,694,399
Depreciation:		
Online distance learning	27,878	30,163
Wireless solutions	19,312	7,864
Total Depreciation	47,190	38,027
Amortization:		
Online distance learning	-	-
Wireless solutions	65,972	-
Total Amortization	65,972	-
Interest Income:		
Online distance learning	108	9,632
Wireless solutions	21,848	9,289
Total Interest Income	21,956	18,921
Net Loss:		
Online distance learning	(1,130,469)	(140,715)
Wireless solutions	(2,491,455)	(1,148,467)
Total Net Loss:	$(3,621,924)	$(1,289,182)
Total Assets:		
Online distance learning	$ 1,286,822	$ 1,675,150
Wireless solutions	5,900,709	1,030,265
	$ 7,187,531	$ 2,705,415

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant caused this report to be signed on its behalf by the undersigned and duly authorized on September 27, 2004.

Cenuco, Inc.

By: /s/ Steven M. Bettinger

Steven M. Bettinger
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the date indicated above.

SIGNATURE	TITLE	DATE
/s/ Steven M. Bettinger ------------------------ Steven M. Bettinger	Chief Executive Officer President and Director	September 27, 2004
/s/ Robert Picow ------------------------ Robert Picow	Chairman of the Board	September 27, 2004
/s/ Adam Wasserman ------------------------ Adam Wasserman	Principal Accounting Officer	September 27, 2004
/s/ Andrew Lockwood ------------------------ Andrew Lockwood	Director	September 27, 2004
/s/ Jack P. Phelan ------------------------ Jack P. Phelan	Director	September 27, 2004
/s/ Tuyen V. Do ------------------------ Tuyen V. Do	Director	September 27, 2004