NUWAVE TECHNOLOGIES INC
Form SB-2
August 09, 2004

As filed with the Securities and Exchange Commission on August 9, 2004

Registration No. ________

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM SB-2
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

DELAWARE	NUWAVE TECHNOLOGIES, INC.	22
(State or Other Jurisdiction of Incorporation or Organization)	(Name of Registrant in Our Charter)	(I.R.S. Employe
1416 MORRIS AVENUE, SUITE 207 UNION, NEW JERSEY 07083 (Address and telephone number of Principal Executive Offices and Principal Place of Business)	3663 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	1416 U (Name, addr

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. |_|

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)
Common stock	130,690,033	$0.085

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For the purposes of this table, we have used the average of the closing bid and asked prices as of current date.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Subject to completion, dated August 9, 2004

NUWAVE TECHNOLOGIES, INC.

130,690,033 SHARES OF COMMON STOCK

This prospectus relates to the sale of up to 130,690,033 shares of NuWave's common stock by certain persons who are, or will become, stockholders of NuWave. Please refer to "Selling Stockholders" beginning on page 9. NuWave is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. We will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement. All costs associated with this registration will be borne by us.

The shares of common stock are being offered for sale on a "best efforts" basis by the selling stockholders at prices established on the Over-the-Counter Bulletin Board during the term of this offering. There are no minimum purchase requirements. These prices will fluctuate based on the demand for the shares of common stock.

Cornell Capital Partners, L.P. is an "underwriter" within the meaning of the Securities Act of 1933 in connection with the sale of common stock under the Standby Equity Distribution Agreement. Cornell Capital Partners, L.P. will pay NuWave 99% of the lowest volume weighted average price of our common stock for the 5 days immediately following the notice date. The 1% discount on the purchase of the common stock to be received by Cornell Capital Partners, L.P. will be an underwriting discount.

Our common stock is quoted on the Over-the-Counter Bulletin Board maintained by the NASD under the symbol "NUWV." On July 28, 2004, the last reported sale price of our common stock was $0.085 per share.

THESE SECURITIES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK.

PLEASE REFER TO "RISK FACTORS" BEGINNING ON PAGE 5.

With the exception of Cornell Capital Partners, L.P., which is an "underwriter" within the meaning of the Securities Act of 1933, no other underwriter or person has been engaged to facilitate the sale of shares of common stock in this offering. This offering will terminate 24 months after the accompanying registration statement is declared effective by the Securities and Exchange Commission. None of the proceeds from the sale of stock by the selling stockholders will be placed in escrow, trust or any similar account.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is ___________ ___, 2004.

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We intend to distribute to our stockholders annual reports containing audited financial statements. Our audited consolidated financial statements for the fiscal year December 31, 2003, were contained in our Annual Report on Form 10-KSB.

PROSPECTUS SUMMARY

OVERVIEW

Since its formation in 1995, NuWave has been a technology company, focused upon the development and marketing of technology and technology products related to enhancing image and video output. Over the last three years, NuWave's sales have declined from $505,000 in 2001, to $286,000 in 2002 to $20,000 in 2003 and no sales in the three month period ended March 31, 2004, as it has had difficulty-securing buyers for its technology products in a very competitive market environment. NuWave has incurred net losses of $4,273,000, $2,674,000, $790,000 and $202,000 in 2001, 2002 and 2003, and for the Quarter ended March 31, 2004, respectively.

During 2003, in conjunction with a restructuring with the primary lender, all of NuWave's officers and employees resigned or were terminated. On September 10, 2003, NuWave entered into an agreement with a lender, Cornell Capital Partners, L.P., to settle a default on indebtedness owed to Cornell Capital Partners, L.P..

During 2003, NuWave made changes to its product lines and business strategy. NuWave has had difficulty in selling its technology related to image and video enhancement. This technology is designed to enrich picture and video output with clearer, more defined detail in texture, color, contrast and tone. NuWave competes in a very competitive and quickly evolving market. NuWave's products have not been price competitive in the market, and this had made it difficult to obtain placements within end use electronics markets. NuWave previously marketed three product lines; however, based on a reevaluation of these lines it is no longer marketing the retail and security/surveillance products and has significantly reduced its marketing efforts of the digital filtering technology.

NuWave intends to broaden its base of products and investments in order to diversify the product portfolio into a broad spectrum of industries and to improve profitability. In 2003 and in the first quarter of 2004, NuWave formed new subsidiaries for the purpose of acquiring and holding real estate and other assets. On December 22, 2003, NuWave, through a wholly owned subsidiary, acquired vacant land that it intends to develop into a community for residents over the age of 55. On April 30, 2004, NuWave, through a wholly owned subsidiary, purchased a parcel of residential real estate for $122,000, utilizing approximately $113,000 in cash and the application of deposits of approximately $9,000. NuWave intends to redevelop and then later sell this property.

GOING CONCERN

NuWave incurred a net loss of approximately $202,000 during the three months ended March 31, 2004, resulting in a stockholders deficiency of approximately $1,879,000. These matters raise substantial doubt about NuWave's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should NuWave be unable to continue as a going concern.

Management has taken a number of actions to lower costs and to improve NuWave's liquidity. NuWave has substantially reduced its cash flow requirements through significant reductions in payroll and various other operating expenses. In addition, NuWave intends to remain in the technology business, and has engaged the services of an outside agent to represent it in its sales and marketing efforts in order to attempt to generate sales of its technology products.

On July 20, 2004, NuWave was granted a further extension of the due dates until December 5, 2005, for the payment of certain notes payable obligations to Cornell Capital Partners, L.P. that matured during 2003 and March 2004. In addition, management's plans include the raising of cash through the issuance of debt or equity although there are no assurances that NuWave will be successful. The Company continues to require funding by and the financial support of Cornell Capital Partners, L.P. Management does not intend to expend any additional funds toward the development of the land held for development and sale until such time as new funding is secured.

ABOUT US

Our principal office is located at 1416 Morris Avenue, Suite 207, Union, New Jersey 07083. Our telephone number is (908) 851-2470.

THE OFFERING

This offering relates to the sale of common stock by certain persons who are, or will become, stockholders of NuWave.

Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically issue and sell to Cornell Capital Partners, L.P. shares of common stock for a total purchase price of up to $30 million. Note that at an assumed price of $0.085 per share we would receive gross proceeds of $5,695,000 or $24,305,000 less than is available under the Standby Equity Distribution Agreement. In order to have access to the full amount available under the Standby Equity Distribution Agreement, our stock price would have to rise substantially to approximately $0.45 per share or we would need to register and issue an additional 286.0 million shares of common stock.

Cornell Capital Partners, L.P. may purchase the shares of common stock for a 1% discount to the lowest volume weighted average price of our common stock for the 5 days immediately following the notice date. Cornell Capital Partners, L.P. intends to sell any shares purchased under the Standby Equity Distribution Agreement at the then prevailing market price. Among other things, this prospectus relates to the shares of common stock to be issued under the Standby Equity Distribution Agreement.

COMMON STOCK OFFERED	130,690,033 shares by selling stockholders
OFFERING PRICE	Market price
COMMON STOCK OUTSTANDING BEFORE THE OFFERING	2,062,013 shares

USE OF PROCEEDS	We will not receive any proceeds of the shares offered by the selling stockholders. Any proceeds we receive from the sale of common stock under the Standby Equity Distribution Agreement will be used for real estate development activities and general working capital purposes. See "Use of Proceeds."
RISK FACTORS	The securities offered hereby involve a high degree of risk and immediate substantial dilution. See "Risk Factors" and "Dilution."
OVER-THE-COUNTER BULLETIN BOARD SYMBOL	NUWV

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION
($ in thousands, except per share data)

	YEAR ENDED DECEMBER 31,		QUARTER ENDED MARCH	
	2003	2002	2004	200
STATEMENTS OF OPERATION DATA:			(unaudited)	
Net sales	$ 20	$ 286	$ --	$
Cost of sales	5	390	--	
Gross profit (loss)	15	(104)	--	
Operating expenses:				
General and administrative	958	2,071	126	
Research and development	134	681	--	
Total operating expenses	1,092	2,752	126	
Loss from operations	(1,077)	(2,856)	(126)	
Gain on forgiveness of debt	347	--	--	
Interest income	--	5	--	
Interest expense	(55)	(5)	(76)	
Loss before (provision for) benefit from income taxes	(785)	(2,856)	(202)	
(Provision for) benefit from income taxes	(5)	182	--	
Net loss	$ (790)	$ (2,674)	$ (202)	$
Deemed dividend - redemption premium on convertible preferred stock	(19)	--	--	
Net loss applicable to common stockholders	$ (809)	$ (2,674)	$ (202)	$
Weighted average number of common shares outstanding	1,455,365	285,315	1,875,902	666

Basic and diluted net loss per common share	$ (0.56)	$ (9.37)	$ (0.11)	$ (

SUMMARY CONSOLIDATED FINANCIAL INFORMATION
($ in thousands)

	MARCH 31, 2004	DECEMBER 31, 2003
	(unaudited)	
Balance Sheet Data:		
Cash and cash equivalents	$ 244	$ 119
Inventory	1	1
Total current assets	245	120
Property and equipment, net	19	4
Land held for development and sale	3,050	2,970
Other asset	10	--
Deferred tax asset	--	225
Total assets	$ 3,324	$ 3,319
Accounts payable and accrued liabilities	$ 203	$ 170
Total current liabilities	203	170
Notes payable - related party	484	484
Secured note payable - related party	1,400	1,400
Convertible debentures - related party, net of unamortized discounts of $819 and $866, respectively	2,681	2,634
Convertible debentures, net of unamortized discounts of $120 and $109, respectively	435	336
Total long-term liabilities	5,000	4,854
Total liabilities	5,203	5,024
Series A Convertible Preferred Stock	--	--
Preferred Stock	--	--
Common stock	2	2
Additional paid-in capital	26,244	26,216
Accumulated deficit	(28,125)	(27,923)
Total stockholders' deficiency	(1,879)	(1,705)
Total liabilities and stockholders' deficiency	$ 3,324	$ 3,319

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RISK FACTORS

NuWave is subject to various risks that may materially harm our business, financial condition and results of operations. You should carefully consider the risks and uncertainties described below and the other information in this filing before deciding to purchase our common stock. If any of these risks or uncertainties actually occurs, our business, financial condition or operating results could be materially harmed. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS

WE HAVE HISTORICALLY INCURRED LOSSES AND LOSSES MAY CONTINUE IN THE FUTURE

We have historically incurred losses. NuWave has experienced losses from operations as a result of its investment necessary to achieve its operating plan, which is long-range in nature. In the three months ended March 31, 2004, we had a net loss applicable to common stockholders of $202,000. In the years ended December 31, 2003 and 2002, we had net losses applicable to common shareholders of $809,000 and $2,674,000, respectively. Future losses are likely to occur. Accordingly, we may experience significant liquidity and cash flow problems because historically our operations have not been profitable. No assurances can be given that we will be successful in reaching or maintaining profitable operations.

WE MAY NEED TO RAISE ADDITIONAL CAPITAL TO FINANCE OPERATIONS

We have relied on significant external financing to fund our operations and expect to rely on external financing for the foreseeable future. Such financing has historically come from a combination of borrowings and sale of common stock from third parties. We cannot assure you that financing, whether from external sources or related parties, will be available if needed or on favorable terms. Our inability to obtain adequate financing will result in the need to curtail business operations. Any of these events would be materially harmful to our business and may result in a lower stock price. We will need to raise additional capital to fund our anticipated future expansion. Among other things, external financing may be required to cover our operating costs.

WE HAVE BEEN THE SUBJECT OF A GOING CONCERN OPINION FROM OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS, WHICH MEANS THAT WE MAY NOT BE ABLE TO CONTINUE OPERATIONS UNLESS WE OBTAIN ADDITIONAL FUNDING

Our independent registered public accounting firms have added an explanatory paragraph to their audit opinions issued in connection with the financial statements for the years ended December 31, 2003 and 2002, which states that NuWave's ability to continue as a going concern depends upon its ability to secure financing and attain profitable operations. Our ability to obtain additional funding will determine our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

OUR COMMON STOCK MAY BE AFFECTED BY LIMITED TRADING VOLUME AND MAY FLUCTUATE SIGNIFICANTLY

There has been a limited public market for our common stock and there can be no assurance that an active trading market for our common stock will develop. An absence of an active trading market could adversely affect our shareholders' ability to sell our common stock in short time periods, or possibly at all. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations that could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially.

OUR COMMON STOCK IS DEEMED TO BE "PENNY STOCK," WHICH MAY MAKE IT MORE DIFFICULT FOR INVESTORS TO SELL THEIR SHARES DUE TO SUITABILITY REQUIREMENTS

Our common stock is deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934. These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline. Penny stocks are stock:

- With a price of less than $5.00 per share;
- That are not traded on a "recognized" national exchange;
- Whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ listed stock must still have a price of not less than $5.00 per share); or
- In issuers with net tangible assets less than $2.0 million (if the issuer has been in continuous operation for at least three years) or $5.0 million (if in continuous operation for less than three years), or with average revenues of less than $6.0 million for the last three years.

Broker-dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker-dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor.

RISKS RELATED TO THIS OFFERING

FUTURE SALES BY OUR STOCKHOLDERS MAY ADVERSELY AFFECT OUR STOCK PRICE AND OUR ABILITY TO RAISE FUNDS IN NEW STOCK OFFERINGS

Sales of our common stock in the public market following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Of the 2,062,013 shares of common stock outstanding as of July 28, 2004, 1,805,148 shares are, or will be, freely tradable without restriction, unless held by our "affiliates." The remaining 256,865 shares of common stock held by existing stockholders are "restricted securities" and may be resold in the public market only if registered or pursuant to an exemption from registration. Some of these shares may be resold under Rule 144.

EXISTING SHAREHOLDERS WILL EXPERIENCE SIGNIFICANT DILUTION FROM OUR SALE OF SHARES UNDER THE STANDBY EQUITY DISTRIBUTION AGREEMENT

The sale of shares pursuant to the Standby Equity Distribution Agreement will have a dilutive impact on our stockholders. As a result, our net income per share could decrease in future periods, and the market price of our common stock could decline. In addition, the lower our stock price is, the more shares of common stock we will have to issue under the Standby Equity Distribution Agreement to draw down the full amount. If our stock price is lower, then our existing stockholders would experience greater dilution.

THE INVESTOR UNDER THE STANDBY EQUITY DISTRIBUTION AGREEMENT AND CONVERTIBLE DEBENTURES WILL PAY LESS THAN THE THEN-PREVAILING MARKET PRICE OF OUR COMMON STOCK

The common stock to be issued under the Standby Equity Distribution Agreement will be issued at a 1% discount to the volume weighted average price for the 5 days immediately following the notice date of an advance. These discounted sales could cause the price of our common stock to decline.

In addition, Cornell Capital Partners, L.P. holds debentures convertible into NuWave's Common Stock at a price equal to the lower of either (a) 120% of the closing bid price on the closing date or (b) an amount equal to eighty percent (80%) of the average weighted average price of the common stock for the 5 trading days immediately preceding the conversion date. There is essentially no limit on the number of shares that Cornell Capital Partners, L.P. may acquire upon conversion of these debentures because Cornell Capital Partners, L.P. will be entitled to a greater number of shares as the stock price falls.

THE NUMBER OF SHARES TO BE ISSUED UPON CONVERSION OF THE DEBENTURES IS ESSENTIALLY LIMITLESS BECAUSE WE ARE REQUIRED TO ISSUE MORE SHARES AS OUR STOCK PRICE DECLINES

Cornell Capital Partners, L.P. holds debenture convertible into NuWave's Common Stock at a price equal to the lower of either (a) 120% of the closing bid price on the closing date or (b) an amount equal to eighty percent (80%) of the average weighted average price of the Common Stock for the 5 trading days immediately preceding the conversion date. This means that the conversion price of the debentures will decline as the price of our common stock declines. Accordingly, NuWave would be obligated to issue a greater number of shares of Common Stock as the stock price declines. For example, NuWave would be obligated to issue the number of shares of Common Stock set forth below for the indicated stock prices.

STOCK PRICE	NO. OF SHARES
$ 0.085	352,941,176
$ 0.0425	705,882,353
$ 0.0213	1,408,450,704

THE SELLING STOCKHOLDERS INTEND TO SELL THEIR SHARES OF COMMON STOCK IN THE MARKET, WHICH SALES MAY CAUSE OUR STOCK PRICE TO DECLINE

The selling stockholders intend to sell in the public market the shares of common stock being registered in this offering. That means that up to

130,690,033 shares of common stock, the number of shares being registered in this offering, may be sold. Such sales may cause our stock price to decline.

THE SALE OF OUR STOCK UNDER OUR STANDBY EQUITY DISTRIBUTION AGREEMENT COULD ENCOURAGE SHORT SALES BY THIRD PARTIES, WHICH COULD CONTRIBUTE TO THE FUTURE DECLINE OF OUR STOCK PRICE

The significant downward pressure on the price of our common stock caused by the sale of material amounts of common stock under the Standby Equity Distribution Agreement could encourage short sales by third parties. Such an event could place further downward pressure on the price of our common stock.

OUR COMMON STOCK HAS BEEN RELATIVELY THINLY TRADED AND WE CANNOT PREDICT THE EXTENT TO WHICH A TRADING MARKET WILL DEVELOP

Before this offering, our common stock has traded on the Over-the-Counter Bulletin Board. Our common stock is thinly traded compared to larger more widely known companies in our industry. Thinly traded common stock can be more volatile than common stock trading in an active public market. We cannot predict the extent to which an active public market for the common stock will develop or be sustained after this offering.

THE PRICE YOU PAY IN THIS OFFERING WILL FLUCTUATE AND MAY BE HIGHER OR LOWER THAN THE PRICES PAID BY OTHER PEOPLE PARTICIPATING IN THIS OFFERING

The price in this offering will fluctuate based on the prevailing market price of the common stock on the Over-the-Counter Bulletin Board. Accordingly, the price you pay in this offering may be higher or lower than the prices paid by other people participating in this offering.

WE MAY NOT BE ABLE TO ACCESS SUFFICIENT FUNDS UNDER THE STANDBY EQUITY DISTRIBUTION AGREEMENT WHEN NEEDED

We are dependent on external financing to fund our operations. Our financing needs are expected to be provided from the Standby Equity Distribution Agreement, in large part. No assurances can be given that such financing will be available in sufficient amounts or at all when needed, in part, because the amount of financing available will fluctuate with the price and volume of our common stock. As the price and volume decline, then the amount of financing available under the Standby Equity Distribution Agreement will decline.

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS

Information included or incorporated by reference in this prospectus may contain forward-looking statements. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology.

This prospectus contains forward-looking statements, including statements regarding, among other things, (a) our projected sales and profitability, (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans and (e) our anticipated needs for working capital. These statements may be found under "Management's Discussion and Analysis or Plan of Operations" and "Business," as well as in this prospectus generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this prospectus generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this prospectus will in fact occur.

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SELLING STOCKHOLDERS

The following table presents information regarding the selling stockholders. A description of each selling shareholder's relationship to NuWave and how each selling shareholder acquired or will acquire the shares to be sold in this offering is detailed in the information immediately following this table.

SELLING STOCKHOLDER	SHARES BENEFICIALLY OWNED BEFORE OFFERING	PERCENTAGE OF OUTSTANDING SHARES BENEFICIALLY OWNED BEFORE OFFERING (1)	SHARES TO BE ACQUIRED UNDER THE STANDBY EQUITY DISTRIBUTION AGREEMENT	PERCENTAGE OF OUTSTANDING SHARES TO BE ACQUIRED UNDER THE STANDBY EQUITY DISTRIBUTION AGREEMENT
Cornell Capital Partners, L.P.	226,615(2)	9.9%	67,000,000	97.0%
Steve Severance	226,615(2)	9.9%	--	--
Paul Denish	226,615(2)	9.9%	--	--
Adam Denish	147,059(3)	6.7%	--	--
Gerald Holland	226,615(2)	9.9%	--	--
David Kesselbrenner	226,615(2)	9.9%	--	--
Sarah Kesselbrenner	226,615(2)	9.9%	--	--
Joseph Kesselbrenner	226,615(2)	9.9%	--	--
Louis Kesselbrenner	226,615(2)	9.9%	--	--
Eric Brager	147,059(3)	6.7%	--	--
Joanna Saporito	226,615(2)	9.9%	--	--
Michael Kesselbrenner	226,615(2)	9.9%	--	--
Meir Levin	226,615(4)	9.9%	--	--
NextGen Associates	25,000	1.2%	--	--
Newbridge Securities Corporation	111,111	5.1%	--	--
Total			67,000,000	

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* Less than 1%.

(1) Applicable percentage of ownership is based on 2,062,013 shares of common stock outstanding as of July 28, 2004, together with securities exercisable or convertible into shares of common stock within 60 days of July 28, 2004. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of July 28, 2004 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) These represent the approximate number of shares underlying convertible debentures at an assumed price of $0.068 per share (i.e., 80% of a recent price $0.085 per share), subject to a limitation of 9.9% contained in the convertible debentures. Because the conversion price will fluctuate based on the market price of our stock, the actual number of shares to be issued upon conversion of the debentures may be higher or lower. NuWave is registering the number of shares indicated in the column entitled "Shares to be Sold in the Offering," which number reflects NuWave's good faith estimate of the number of shares that will need to be issued upon conversion of the debentures. The number of shares in such column is higher than the number of shares beneficially owned by each selling stockholder because the number of shares in such column is not subject to the 9.9% limitation. Each selling stockholder is permitted to convert up to the 9.9% limit and sell the underlying stock on more than one occasion. As such, each selling stockholder could convert and sell in the aggregate more shares than is indicated in the beneficial ownership column.

(3) These represent the approximate number of shares underlying convertible debentures at an assumed price of $0.068 per share.

(4) These represent the approximate number of shares underlying convertible debentures at an assumed price of $0.064 per share (i.e., 75% of a recent price $0.085 per share), subject to a limitation of 9.9% contained in the convertible debentures. Because the conversion price will fluctuate based on the market price of our stock, the actual number of shares to be issued upon conversion of the debentures may be higher or lower.

The following information contains a description of the selling shareholders' relationship to NuWave and how the selling shareholders acquired the shares to be sold in this offering. No selling shareholder has held a position or office, or had any other material relationship, with NuWave, except as follows:

Shares Acquired In Financing Transaction With NuWave

- CORNELL CAPITAL PARTNERS, L.P. Cornell Capital Partners, L.P. is the investor under the Standby Equity Distribution Agreement and the holder of convertible debentures. All investment decisions of Cornell Capital Partners, L.P. are made by its general partner, Yorkville Advisors, LLC. Mark Angelo, the managing member of Yorkville Advisors, makes the investment decisions on behalf of Yorkville Advisors. Cornell Capital Partners, L.P.acquired all shares being registered in this offering in financing transactions with NuWave Technology. Those transactions are explained below:

STANDBY EQUITY DISTRIBUTION AGREEMENT. In May 2004, NuWave entered into an Standby Equity Distribution Agreement with Cornell Capital Partners, L.P. Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners, L.P. shares of common stock for a total purchase price of up to $30 million. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners, L.P. will pay NuWave 99% of the volume weighted average price on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 days immediately following the notice date. Further, Cornell Capital Partners, L.P. will retain a fee of 10% of each advance under the Standby Equity Distribution Agreement. We are registering 67,000,000 shares in this offering that may be issued under the Standby Equity Distribution Agreement.

CONVERTIBLE DEBENTURES. The debentures held by Cornell Capital Partners, L.P. are convertible at the holder's option any time up to maturity at a conversion price equal to the lower of (i) 120% of the lowest volume weighted average price of the common stock as of the closing date or (ii) 80% of the lowest volume weighted average price of the common stock for the 5 trading days immediately preceding the conversion date. At maturity, NuWave has the option to either pay the holder the outstanding principal balance and accrued interest or to convert the debentures into shares of common stock at a conversion price equal to the lower of (i) 120% of the volume weighted average price of the common stock as of the closing date or (ii) 80% of the lowest volume weighted average price of the common stock for the lowest trading days of the 5 trading days immediately preceding the conversion date. NuWave may redeem at any time at a redemption price equal to 120% of the redeemed amount, plus interest. NuWave is registering in this offering 51,470,589 shares of common stock underlying the convertible debentures.

o INDIVIDUAL SELLING SHAREHOLDERS. The individual selling shareholders are all holders of convertible debentures. These debentures, with the exception of the debentures held by Meir Levin, are convertible at the holder's option any time up to maturity at a conversion price equal to the lower of (i) 120% of the lowest volume weighted average price of the common stock as of the closing date or (ii) 80% of the lowest volume weighted average price of the common stock for the 5 trading days immediately preceding the conversion date. Prior to maturity, NuWave has the option to redeem at 110% of the amount redeemed, plus accrued interest. At maturity, NuWave has the option to either pay the holder the outstanding principal balance and accrued interest or to convert the debentures into shares of common stock at a conversion price equal to the lower of (i) 120% of the lowest volume weighted average price of the common stock as of the closing date or (ii) 80% of the lowest volume weighted average price of the common stock for the 5 trading days immediately preceding the conversion date. The convertible debentures are secured by all of NuWave's assets. NuWave is registering in this offering 8,161,763 shares of common stock underlying the convertible debentures.

With respect to the debenture held by Meir Levin, the debenture is convertible at the holder's option any time up to maturity at a conversion price equal to the lower of (i) 120% of the lowest closing bid price of the common stock as of April 26, 2004, or (ii) 75% of the lowest closing bid price of the common stock for the 5 trading days immediately preceding the conversion date. Prior to maturity, NuWave has the option to

redeem at 125% of the amount redeemed, plus accrued interest. At maturity, NuWave has the option to either pay the holder the outstanding principal balance and accrued interest or to convert the debentures into shares of common stock at a conversion price equal to the lower of (i) 120% of the lowest closing bid price of the common stock as of the closing date or (ii) 75% of the lowest closing bid price of the common stock for the 5 trading days immediately preceding the conversion date. NuWave is registering in this offering 3,921,569 shares of common stock underlying the convertible debentures.

- NEXTGEN ASSOCIATES. NextGen Associates received the shares for services provided to NuWave. Stanley J. Chayka, President and Chief Executive Officer, makes the investment decisions on behalf of NextGen Associates.

- NEWBRIDGE SECURITIES CORPORATION. Newbridge Securities Corporation is a registered broker-dealer that we engaged to advise us in connection with the Standby Equity Distribution Agreement. Guy Amico makes the investment decisions on behalf of Newbridge Securities Corporation. We paid Newbridge Securities Corporation a fee of 111,111 shares of common stock. NuWave is registering these shares in this offering.

There Are Certain Risks Related To Sales By Cornell Capital Partners, L.P.

There are certain risks related to sales by Cornell Capital Partners, L.P., including:

- The shares will be issued based on a discount to the market rate. As a result, the lower the stock price around the time Cornell Capital Partners, L.P. is issued shares, the greater chance that Cornell Capital Partners, L.P. gets more shares. This could result in substantial dilution to the interests of other holders of common stock.

- To the extent Cornell Capital Partners, L.P. sells its common stock, the common stock price may decrease due to the additional shares in the market. This could allow Cornell Capital Partners, L.P. to sell greater amounts of common stock, the sales of which would further depress the stock price.

- The significant downward pressure on the price of the common stock as Cornell Capital Partners, L.P. sells material amounts of common stocks could encourage short sales by Cornell Capital

Partners, L.P. or others. This could place further downward pressure on the price of the common stock.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling stockholders. There will be no proceeds to us from the sale of shares of common stock in this offering. However, we may receive the proceeds from the sale of shares of common stock to Cornell Capital Partners, L.P. under the Standby Equity Distribution Agreement. The purchase price of the shares purchased under the Standby Equity Distribution Agreement will be equal to 99% of the volume weighted average price of our common stock on the Over-the-Counter Bulletin Board for the 5 days immediately following the notice date.

For illustrative purposes, NuWave has set forth below its intended use of proceeds for the range of net proceeds indicated below to be received under the Standby Equity Distribution Agreement. The table assumes estimated offering expenses of $50,000 and commitment fees of 10% of the gross proceeds raised under the Standby Equity Distribution Agreement.

USE OF PROCEEDS:	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Gross Proceeds	$2,500,000	$5,000,000	$10,000,000	$20,000,000	$30,000,000
Net Proceeds	$2,200,000	$4,450,000	$8,950,000	$17,950,000	$26,950,000
Real Estate Development	$1,200,000	$3,250,000	$7,450,000	$16,200,000	$24,950,000
General Working Capital	$1,000,000	$1,200,000	$1,500,000	$1,750,000	$2,000,000
Total	$2,200,000	$4,450,000	$8,950,000	$17,950,000	$26,950,000

DILUTION

The net tangible book value of NuWave as of March 31, 2004 was ($1,879,000) or ($1.0017) per share of common stock. Net tangible book value per share is determined by dividing the tangible book value of NuWave (total tangible assets less total liabilities) by the number of outstanding shares of our common stock. Since this offering is being made solely by the selling stockholders and none of the proceeds will be paid to NuWave, our net tangible book value will be unaffected by this offering. Our net tangible book value per share, however, will be impacted by the common stock to be issued under the Standby Equity Distribution Agreement. The amount of dilution will depend on the offering price and number of shares to be issued under the Standby Equity Distribution Agreement. The following example shows the dilution to new investors at an offering price of $0.085 per share.

If we assume that NuWave had issued 67,000,000 shares of common stock under the Standby Equity Distribution Agreement at an assumed offering price of $0.085 per share (i.e., the number of shares being registered in this offering), less commitment fees of $569,500 and $50,000 of other offering expenses, our net tangible book value as of March 31, 2004 would have been $3,196,500 or $0.0464 per share. Note that at an assumed price of $0.085 per share NuWave would receive gross proceeds of $5,695,000 or $24,305,000 less than is available under the Standby Equity Distribution Agreement. This represents an immediate increase in net tangible book value to existing stockholders of $1.0481 per share and an immediate dilution to Cornell Capital Partners, L.P. of $0.0386 per share. The following table illustrates the per share dilution:

Assumed public offering price per share		$0.0850
Net tangible book value per share before this offering	(1.0017)	
Increase attributable to new investors	1.0481	
Net tangible book value per share after this offering	-------	$0.0464

Dilution per share to Cornell Capital Partners, L.P.		$0.0386
		=======

The offering price of our common stock is based on the then-existing market price. In order to give Cornell Capital Partners, L.P. an idea of the dilution per share they may experience, we have prepared the following table showing the dilution per share at various assumed offering prices:

ASSUMED OFFERING PRICE	NO. OF SHARES TO BE ISSUED(1)	DILUTION PER SHARE TO CORNELL CAPITAL PARTNERS, L.P.
$0.0850	67,000,000	$0.0386
$0.0638	67,000,000	$0.0359
$0.0425	67,000,000	$0.0333
$0.0213	67,000,000	$0.0307

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(1) This represents the number of shares of common stock that will be registered hereunder in connection with the Standby Equity Distribution Agreement.

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Nuwave's convertible debenture holders will experience dilution upon the converstion of the Convertible Debentures. The following table is intended to give the holders of the Convertible Debentures an idea of the dilution per share they may experience in connection with the outstanding Convertible Debentures.

ASSUMED CONVERSION PRICE	NO. OF SHARES TO BE ISSUED(2)	DILUTION PER SHARE TO CONVERTIBLE DEBENTURE HOLDERS
$0.0678	63,539,153	$ 0.0307
$0.0509	63,553,921	$ 0.0302
$0.0339	63,553,921	$ 0.0297
$0.0170	63,553,921	$ 0.0292

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(1) The Assumed Offering Price is calculated by multiplying the discount contained in the Convertible Debentures by an assumed market price of $0.085, $0.0638, $0.0425 and $0.0213 per share. The discount is 25% for $250,000 of principal amount of Convertible Debentures and 20% discount for $4,055,000 of principal amount of Convertible Debentures.

(2) This represents the number of shares of common stock that will be registered hereunder in connection with the Convertible Debentures.

STANDBY EQUITY DISTRIBUTION AGREEMENT

SUMMARY. In May 2004, we entered into a Standby Equity Distribution Agreement with Cornell Capital Partners, L.P. Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners, L.P. shares of common stock for a total purchase price of up to $30.0 million. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners, L.P. will pay 99% of the lowest volume weighted average price on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 days immediately following the notice date. Cornell Capital Partners, L.P. is a private limited partnership whose business operations are conducted through its general partner, Yorkville Advisors, LLC. Further, Cornell Capital Partners, L.P. will retain a fee of 10% of each advance under the Standby Equity Distribution Agreement. In addition, we engaged Newbridge Securities Corporation, a registered broker-dealer, to advise us in connection with the Standby Equity Distribution Agreement. For its services, Newbridge Securities Corporation received a fee of 111,111 shares of our common stock. NuWave is registering 67,000,000 shares of common stock for the Standby Equity Distribution Agreement pursuant to this registration statement. The costs associated with this registration will be borne by us. There are no other significant closing conditions to draws under the Standby Equity Distribution Agreement.

STANDBY EQUITY DISTRIBUTION AGREEMENT EXPLAINED. Pursuant to the Standby Equity Distribution Agreement, we may periodically sell shares of common stock to Cornell Capital Partners, L.P. to raise capital to fund our working capital and real estate development needs. The periodic sale of shares is known as an advance. We may request an advance every 7 trading days. A closing will be held 1 trading day after the end of each pricing period at which time we will deliver shares of common stock and Cornell Capital Partners, L.P. will pay the advance amount.

We may request advances under the Standby Equity Distribution Agreement once the underlying shares are registered with the Securities and Exchange Commission. Thereafter, we may continue to request advances until Cornell Capital Partners, L.P. has advanced $30.0 million or 24 months after the effective date of the accompanying registration statement, whichever occurs first.

The amount of each advance is limited to a maximum draw down of $1,000,000 every 7 trading days up to a maximum of $4,000,000 in any 30-day period. The amount available under the Standby Equity Distribution Agreement is not dependent on the price or volume of our common stock. Our ability to request advances are conditioned upon us registering the shares of common stock with the SEC. In addition, we may not request advances if the shares to be issued in connection with such advances would result in Cornell Capital Partners, L.P.

owning more than 9.9% of our outstanding common stock. We do not have any agreements with Cornell Capital Partners, L.P. regarding the distribution of such stock, although Cornell Capital Partners, L.P. has indicated that it intends to promptly sell any stock received under the Standby Equity Distribution Agreement.

We cannot predict the actual number of shares of common stock that will be issued pursuant to the Standby Equity Distribution Agreement, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we have not determined the total amount of advances we intend to draw. Nonetheless, we can estimate the number of shares of our common stock that will be issued using certain assumptions. Assuming we issued the number of shares of common stock being registered in the accompanying registration statement at a recent price of $0.085 per share, we would issue 67,000,000 shares of common stock to Cornell Capital Partners, L.P. for gross proceeds of $5,695,000 or $24,305,000 less than is available under the Standby Equity Distribution Agreement. These shares would represent 97.0% of our outstanding common stock upon issuance.

Proceeds used under the Standby Equity Distribution Agreement will be used in the manner set forth in the "Use of Proceeds" section of this prospectus. We cannot predict the total amount of proceeds to be raised in this transaction because we have not determined the total amount of the advances we intend to draw.

We expect to incur expenses of approximately $50,000 in connection with this registration, consisting primarily of professional fees. In addition, we issued 111,111 shares of common stock to Newbridge Securities Corporation, a registered broker-dealer, as a placement agent fee.

PLAN OF DISTRIBUTION

The selling stockholders and any of their respective pledgees, assignees and other successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

-- ordinary brokerage transactions and transactions in which the broker-dealer solicits the purchaser;

-- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

-- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

-- an exchange distribution in accordance with the rules of the applicable exchange;

-- privately-negotiated transactions;

-- short sales;

-- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

-- through the writing of options on the shares;

-- a combination of any such methods of sale; and

-- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. The selling stockholders shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if they deem the purchase price to be unsatisfactory at any particular time.

The selling stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling stockholders defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares.

The selling stockholders or their respective pledgees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholders will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then market price. The selling stockholders cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholders. The selling stockholders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed an "underwriter" as that term is defined under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the rules and regulations under such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The selling stockholders, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. No selling stockholder has entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

If a selling stockholder notifies us that they have a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

INDEMNIFICATION. We have agreed to indemnify the selling stockholder, or their transferees or assignees, against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the selling stockholder or their respective pledgees, transferees or other successors in interest, may be required to make in respect of such liabilities. The selling stockholders have agreed to indemnify us against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of NuWave pursuant to the foregoing, or otherwise, NuWave has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

STATUTORY UNDERWRITER. Cornell Capital Partners, L.P. is an "underwriter" within the meaning of the Securities Act of 1933 in connection with the sale of common stock under the Standby Equity Distribution Agreement. Cornell Capital Partners, L.P. will pay us 99% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal trading market on which our common stock is traded for the 5 days immediately following the advance date. In addition, Cornell Capital Partners, L.P. will retain 10% of the proceeds received by us under the Standby Equity Distribution Agreement. The 1% discount and the 10% retention are underwriting discounts. In addition, we engaged Newbridge Securities Corporation, a registered broker-dealer, to advise us in connection with the Standby Equity Distribution Agreement. For its services, Newbridge Securities Corporation received 111,111 shares of our common stock.

Cornell Capital Partners, L.P. was formed in February 2000 as a Delaware limited partnership. Cornell Capital Partners, L.P. is a domestic hedge fund in the business of investing in and financing public companies. Cornell Capital Partners, L.P. does not intend to make a market in our stock or to otherwise engage in stabilizing or other transactions intended to help support the stock price. Prospective investors should take these factors into consideration before purchasing our common stock.

BLUE SKY LAWS. Under the securities laws of certain states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. The selling stockholders are advised to ensure that any underwriters, brokers, dealers or agents effecting transactions on behalf of the selling stockholders are registered to sell securities in all fifty states. In addition, in certain states the shares of common stock may not be sold unless the shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

COSTS OF REGISTRATION. We will pay all the expenses incident to the registration, offering and sale of the shares of common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. We have agreed to indemnify Cornell Capital Partners, L.P. and its controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately $50,000. The offering expenses consist of: a SEC registration fee of $1,403, printing expenses of $1,500, accounting fees of $10,000, legal fees of $25,000 and miscellaneous expenses of $7,097. We will not receive any proceeds from the sale of any of the shares of common stock by the selling stockholders. We will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement.

REGULATION M. The selling stockholders should be aware that the anti-manipulation provisions of Regulation M under the Exchange Act will apply to purchases and sales of shares of common stock by the selling stockholders, and that there are restrictions on market-making activities by persons engaged in the distribution of the shares. Under Registration M, the selling stockholders or their agents may not bid for, purchase, or attempt to induce any person to bid for or purchase, shares of our common stock while such selling stockholders are distributing shares covered by this prospectus. The selling stockholders are not permitted to cover short sales by purchasing shares while the distribution is taking place. The selling stockholders are advised that if a particular offer of common stock is to be made on terms constituting a material change from the information set forth above with respect to the Plan of Distribution, then, to the extent required, a post-effective amendment to the accompanying registration statement must be filed with the Securities and Exchange Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following information should be read in conjunction with the consolidated financial statements of NuWave and the notes thereto appearing elsewhere in this filing. Statements in this Management's Discussion and Analysis or Plan of Operation and elsewhere in this prospectus that are not statements of historical or current fact constitute "forward-looking statements."

GENERAL

Our mission is to profitably exploit our proprietary imaging technology and to identify and develop other business opportunities that will diversify NuWave's operations. We have diversified NuWave's operations by acquiring land for development and sale. We also have been focusing on technology related to image and video enhancement designed to enrich picture and video output with clearer, more defined detail in texture, color, contrast and tone, at low cost. We have developed and are currently marketing the NuWave Video Processor Technology.

NOTE - NUWAVE WILL DISCUSS ITS TECHNOLOGY BUSINESS UNDER RESULTS OF OPERATIONS AND WILL DISCUSS ITS NEW REAL ESTATE DEVELOPMENT BUSINESS UNDER PLAN OF OPERATION. SEE BELOW.

OVERALL FINANCIAL PERFORMANCE FOR QUARTER ENDED MARCH 31, 2004

Three Months Ended March 31, 2004 Compared to March 31, 2003. For the three months ended March 31, 2004, NuWave reported a net loss of $202,000 as compared to a net loss of $329,000 for the three months ended March 31, 2003. This represented a decline in our net loss of 39%.

General and administrative expenses for NuWave for the three months ended March 31, 2004 were $126,000, as compared to $278,000 for the three months ended March 31, 2003, a decrease of $152,000 or 55%. This decrease was the result of a significant reduction in most general and administrative expenses resulting from the resignation of all management and employees with only a new CEO in September 2003 and one other administrative employee hired on November 1, 2003. The decrease also resulted from continued cost cutting efforts. There were major decreases in salaries of $72,000, insurance of $90,000, investor relations of $7,000, and rent of $13,000. Professional fees increased by $42,000 and real estate taxes increased by $15,000. NuWave allocated approximately $69,000 of these general and administrative expenses to the Video and Image Technology segment and approximately $57,000 to the Real Estate segment.

RESULTS OF OPERATIONS - TECHNOLOGY BUSINESS OPERATIONS

Three Months Ended March 31, 2004 Compared to March 31, 2003. NuWave continues to have difficulty selling its video and image technology products. The market for NuWave's technology products continues to be adversely affected by strong competition and price compression in the imaging and video electronics markets. There were no revenues for the three-month period ended March 31, 2004, as compared to revenues of $3,000 for the three-month period ended March 31, 2003. These 2003 revenues related to NuWave's sale of its inventory of its retail line of products to its former exclusive licensee.

Research and development expenses for the three months ended March 31, 2004 were $0, as compared to expenses of $54,000 for the three months ended March 31, 2003. These expenses have decreased because NuWave has terminated all research and development employees and research consulting agreements during 2003. On October 31, 2003, NuWave entered into a non-exclusive agreement with an agent to develop, market and sell NuWave's technology products. Under the agreement with the agent, NuWave is obligated to pay a commission fee on only those sales that the agent brings to NuWave. The decrease in research and development expenses were in engineering salaries and outside consulting fees of $48,000 and, $6,000 in laboratory supplies and laboratory operating expenses.

General and administrative expenses for the technology business for the three months ended March 31, 2004 were $69,000, as compared to $278,000 for the three months ended March 31, 2003, a decrease of $209,000 or 75%. This decrease was the result of a significant reduction in most general and administrative expenses, as discussed above, as well as from an allocation of $57,000 of the general and administrative expenses to the real estate segment. Interest expense for non real estate operations increased $34,000 on account of notes payable and convertible debenture obligations incurred during 2003 to provide liquidity for NuWave's operations. The notes payable accrue interest at the default penalty rate of 24% per annum. The convertible debenture obligations applied to the technology operations bear a weighted annual interest rate of approximately 17.5%.

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Year Ended December 31, 2003 Compared to December 31, 2002. Revenues for the year ended December 31, 2003 were $20,000 as compared to $286,000 for the prior year. Revenues for 2003 were negatively impacted by increased competition and price compression in the image and video sectors of the electronics markets. Revenues for 2002 were a direct result of the introduction of our first retail product, the VGE 101 and an agreement with Gemini Industries, Inc. to become the exclusive licensee of NuWave's VGE retail products. The Gemini program was not successful, and NuWave is no longer marketing the VGE retail products.

In December 2001, we entered into a strategic alliance with Gemini Industries ("Gemini"), a manufacturer and distributor of consumer electronics accessories. Gemini was granted a five-year exclusive license to market and distribute NuWave's video game enhancer ("VGE") in North America. Initial shipments of the VGE and Application Specific Integrating Chips ("ASIC") chips to Gemini took place during the first quarter of 2002. Minimum ongoing purchase requirements under the contract were to begin in July 2002. After having received a three-month extension Gemini still had not met their minimum contractual purchase requirements and management determined it was in NuWave's best interest to terminate the agreement.

The sales for the year ended December 31, 2002 were primarily sales of NuWave's remaining domestic VGE inventory to Gemini, as NuWave's efforts were concentrated on sales of the NuWave Video Processor ("NVP") 1104. Cost of sales for 2003 was $5,000 versus $390,000 for 2002. The decrease in cost of sales was a result of a decrease in sales. Cost of sales in 2002 was primarily the result of a write-off of NuWave's December 31, 2002 remaining physical inventory in the amount of $230,000 consisting of the discontinued domestic and European VGE product and the related NVP 1104 ASIC chips. Research and development costs for the year ended December 31, 2003 were $134,000; a reduction of $547,000 from the prior year. This reduction primarily resulted from a reduction in all research and development due to liquidity constraints and the head count reductions in order to trim costs. The decreases in research and development were in engineering salaries and outside consulting fees that decreased $504,000 from 2002; and, a $54,000 reduction in lab supplies and lab operating expenses. General and administrative expenses related to the technology business for the year ended December 31, 2003 were $943,000 a decrease of $1,128,000 from the prior year. This decrease was the result of a significant reduction in most all expenses resulting from the resignation of all management and employees with only a new CEO in September 2003 and one other administrative employee hired on November 1, 2003. The decrease also resulted from continued Company wide cost cutting efforts. There were major decreases in marketing and sales expenses of $117,000, salaries of $278,000, professional fees $171,000, investor relations of $77,000, financial consulting of $128,000, closing of overseas operations of $110,000, insurance of $133,000, and domestic rent of $46,000. Interest expense for non real estate operations increased $44,000 on account of additional notes payable to finance liquidity and paying interest rates on these notes at the default penalty rate of 24% per year. Gain on forgiveness of debt increased $347,000 due to settlement of various liabilities for approximately 10% of the amounts owed.

NuWave recorded a consolidated net loss of $790,000 for the year ended December 31, 2003. After subtracting the loss associated with the real estate operations (which are discussed in the plan of operation, below) NuWave incurred a net loss for technology operations of $764,000. This compares favorably to the $2,674,000 loss incurred in the year ended December 31, 2002. This decrease in loss of $1,910,000 is primarily attributable NuWave-wide cost cutting, which occurred during 2003, as discussed above. These decreases in operating expenses were offset by the decrease in NuWave's benefit from income tax of $187,000.

PLAN OF OPERATION - REAL ESTATE ACTIVITIES

Three Months Ended March 31, 2004 Compared to March 31, 2004. During the three months ended March 31, 2004, NuWave incurred general and administration expenses of approximately $57,000, which consisted of real estate taxes of approximately $15,000 and an allocation of other general and administration expenses of approximately $42,000. Interest expense for the three months ended March 31, 2004 was $42,000. In addition, NuWave incurred costs for legal expenses regarding the development plan of $7,000 and interest of $73,000 have been capitalized to the cost of the land held for development and sale. Accordingly, NuWave recorded a net loss on real estate operations of approximately $99,000.

NuWave follows SFAS No. 34, "Capitalization of Interest Costs", which provides for the capitalization of interest as part of the historical cost of acquiring certain assets. Interest is capitalized on assets that require a period of time to get them ready for their intended use, such as real estate development projects. Interest is capitalized from the period activities begin, such as planning and permitting, until such time as the project is complete. Interest costs include interest recognized on obligations having explicit rates, as well as the amortization of discounts that result from imputing interest on convertible debentures over the life of the obligation. Interest is capitalized on only the net book value of the land and improvements, net of the discount recorded on the acquisition of the land. Interest on specific borrowings associated with the land, that are in excess of its net book value are expensed as incurred.

On April 30, 2004, NuWave, through a wholly owned subsidiary, purchased a parcel of residential real estate for $122,000, utilizing approximately $113,000 in cash and the application of deposits of approximately $9,000. NuWave intends to redevelop and then later sell this property.

Year Ended December 31, 2003 Compared to December 31, 2002. During 2003, the Company diversified its business by investing in real estate and real estate development. NuWave's first real estate investment was made on December 22, 2003. At that time, NuWave acquired a parcel of undeveloped acreage for $4,950,000. NuWave obtained an appraisal which valued the acreage at $4,950,000.

There are no revenues from real estate activities. Revenues in real estate are not projected to be realized until mid to late 2005. The Company's real estate related operating costs include primarily real estate taxes. The Company recorded a net loss on real estate operations of approximately $26,000 during the year ended December 31, 2003.

NuWave's tentative plans call for the development of approximately 100 residential dwelling units. NuWave intends to engage an architect during mid to late 2004 for the purpose of drawing up specifications and establishing budgets for costs for the project. Once the architectural plans are in place, NuWave will interview and contract with a developer to build out the property.

Land development and construction costs are roughly estimated to be $8,000,000 to $10,000,000. NuWave will have to raise additional funds to finance construction, from the sale of securities or through bank or other debt financing.

LIQUIDITY AND CAPITAL RESOURCES

NuWave had cash balances on hand of $244,000 and $119,000 as of March 31, 2004 and 2003, respectively. NuWave's future cash funding sources continues to be uncertain. NuWave's primary cash needs are to fund ongoing operations and real estate development activities. On June 1, the Company received proceeds from the issuance of $250,000 in convertible debentures. On July 20, 2004, NuWave was granted from Cornell Capital Partners, L.P. a further extension until December 5, 2005 to pay the balances due on $484,000 of notes that were in default. NuWave will defer any land development and construction expenditures until after it has arranged adequate funding. In order to obtain funding during the next twelve months, NuWave intends to seek financing through a combination of sources, the final plans for which are not yet resolved. These sources might include funding through the sale of securities or loans.

In seeking sources of liquidity, NuWave intends to continue to rely on the sale of securities or loans for near term working capital needs. NuWave expects to satisfy most of its funding needs in 2004 and 2005 pursuant to the Standby Equity Distribution Agreement that is being registered in this offering. In addition, NuWave will seek outside mortgage financing for certain of the properties that it might acquire in the future, as well as to finance development and construction of the dwelling units on the undeveloped acreage. The severe cost cutting has reduced cash requirements at NuWave substantially. In their reports on the audit of NuWave's financial statements for the years ended December 31, 2003, and 2002 our independent registered public accounting firms included an explanatory paragraph in their reports because of the uncertainty that we could continue in business as a going concern. In the event we are unable to raise the anticipated operating capital needs through the sale of securities or some other form of financing or receive cash from sales of our products, there would be substantial doubt about our ability to continue as a going concern.

During the three month period ended March 31, 2004, NuWave had a net increase in cash of $125,000. NuWave's sources and uses of funds were as follows:

CASH PROVIDED BY OPERATING ACTIVITIES. Net cash provided by operating activities was $37,000. This was primarily driven by a consolidated net loss of $202,000, offset by the receipt of $225,000, which represents the proceeds received from the sale of certain of NuWave's state net operating losses.

CASH USED IN INVESTING ACTIVITIES. NuWave purchased $15,000 of new computer and office equipment. Also, NuWave incurred $7,000 for legal costs toward development of the land held for development and sale.

CASH PROVIDED BY FINANCING ACTIVITIES. NuWave raised $110,000 in funds through the issuance of convertible debentures to unrelated third parties.

At March 31, 2004, NuWave had positive net working capital of $42,000. NuWave intends to monitor spending carefully until such time that new funding is arranged.

On April 30, 2004, NuWave utilized $113,000 in cash for the purchase of a parcel of residential real estate.

CRITICAL ACCOUNTING POLICIES

NuWave's consolidated financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our consolidated financial statements.

Our significant accounting policies are summarized in Note 1 of our consolidated financial statements. While all these significant accounting policies impact its financial condition and results of operations, NuWave views certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on NuWave's consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

The Company's critical accounting policy relates to its acquisition of a parcel of land, outlined as follows. On December 22, 2003, Lehigh acquired a parcel of land in New Jersey for $4,950,000 that it intends to develop and then sell. This land was acquired from Stone Street Asset Management LLC ("Stone Street"), a company under common control with Cornell Capital Partners, L.P.. In connection with this purchase of land, the Company incurred debt obligations consisting of a $3,300,000 of convertible debenture to Cornell Capital Partners, L.P., $250,000 of convertible debentures to unrelated parties and a $1,400,000 secured note payable to Stone Street. As a result of Stone Street's relationship with Cornell Capital Partners, L.P., and Cornell Capital Partners, L.P.'s relationship with the Company, the Company has recorded the land at the historical cost basis as recorded by Stone Street of approximately $2,915,000 in accordance with accounting rules regarding transfer of non-monetary assets. The difference of $2,035,000 between the fair value of the land as determined by an independent appraiser and the carryover cost basis of land from Stone Street has been recorded as an adjustment to additional paid-in capital.

EFFECTS OF ACCOUNTING PRONOUNCEMENTS

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS No. 150 establishes standards for classification and measurement in the statement of financial position of certain financial instruments with characteristics of both liabilities and equity. It requires classification of a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and, otherwise, is effective at the beginning of the first interim period beginning after June 15, 2003. NuWave adopted SFAS No. 150 in the third quarter of 2003. The adoption did not have an impact on the consolidated financial statements.

In January 2003, as revised in December 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2004. The adoption of FIN 46 for provisions effective during 2003 did not have a material impact on the consolidated financial statements.

RECENT SALES OF UNREGISTERED SECURITIES

Standby Equity Distribution Agreement

In May 2004, we entered into a Standby Equity Distribution Agreement with Cornell Capital Partners, L.P. Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners, L.P.

shares of common stock for a total purchase price of up to $30 million. For each share of common stock purchased under the Standby Equity Distribution Agreement, Cornell Capital Partners, L.P. will pay NuWave 99% of the volume weighted average price on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the 5 days immediately following the notice date. Further, Cornell Capital Partners, L.P. will retain a fee of 10% of each advance under the Standby Equity Distribution Agreement. In connection with the Standby Equity Distribution Agreement, we paid Newbridge Securities Corporation a fee of 111,111 shares of common stock.

Convertible Debentures

In June 2004, NuWave issued $250,000 in a convertible debenture. This debenture bears interest at a rate of 10% per annum, with interest due at maturity or upon conversion. These debentures mature in June 2006. NuWave has recorded a debt discount of $83,000 at issuance of these convertible debentures to reflect the value of the beneficial conversion feature related to the convertible debentures. At the option of NuWave, upon the maturity date, these convertible debentures may be converted into NuWave's Common Stock. At the option of the holder, at any time prior to maturity, any portion of these convertible debentures may be converted into Common Stock. The value of principal and accrued interest is convertible at the per share price equal to the lesser of (a) 120% of the closing bid price on April 26, 2004, or (b) 75% of the lowest closing bid price for the five days immediately preceding the conversion date. In addition, NuWave may redeem, with 15 days advance notice, a portion or all of these outstanding debentures at 125% of the dollar value of the amount redeemed plus accrued interest.

During January 2004, NuWave issued $110,000 in convertible debentures. These debentures bear interest at a rate of 5% per annum, with interest due at maturity or upon conversion. These debentures mature in January 2006. NuWave has recorded a debt discount of $28,000 at issuance of these convertible debentures to reflect the value of the beneficial conversion feature related to the convertible debentures. Accordingly, NuWave has recorded the value of the beneficial conversion features as a reduction to the carrying amount of the convertible debt and as an addition to additional paid-in capital. This debt discount is being amortized over the term of the related debentures, which is 24 months, and such amortization was recorded as interest expense on the accompanying condensed consolidated statement of operations. At the option of NuWave, upon the maturity date, these convertible debentures may be converted into NuWave's Common Stock. At the option of the holder, at any time prior to maturity, any portion of these convertible debentures may be converted into Common Stock. The value of principal and accrued interest is convertible at the per share price equal to the lesser of (a) 120% of the closing bid price, or (b) 80% of the lowest daily volume weighted average price for the five days immediately preceding the conversion date. In addition, NuWave may redeem, with 15 days advance notice, a portion or all of these outstanding debentures at 110% of the dollar value of the amount redeemed plus accrued interest.

During October 2003, NuWave raised $200,000 through the issuance of a convertible debenture to Cornell Capital Partners, L.P.. In addition, during December 2003, NuWave raised $195,000 through the issuance of convertible debentures to various unrelated parties. On December 22, 2003, NuWave issued a convertible debenture for $3,300,000 to Cornell Capital Partners, L.P. and $250,000 to unrelated parties in connection with the acquisition of land held for development and sale which is secured through a first mortgage lien on the land. All of these debentures bear interest at a rate of 5% per annum, with interest due at maturity or upon conversion. These debentures mature at various dates ranging from October 2005 through December 2008. At the option of NuWave, upon the maturity date, these convertible debentures may be converted into NuWave's Common Stock. At the option of the holder, at any time prior to maturity, any portion of these convertible debentures may be converted into Common Stock. The value of principal and accrued interest is convertible at the per share price equal to the lesser of (a) 120% of the closing bid price, or (b) 80% of the lowest daily volume weighted average price for the five days immediately preceding the conversion date. In addition, NuWave may redeem a portion or all of these outstanding debentures at 110% (120% for Cornell Capital Partners, L.P.) of the dollar value of the amount redeemed plus accrued interest. Under the conversion limitation for the debentures, NuWave may issue shares under conversion only so long as, at conversion, the holder has no more than 9.9% of NuWave's outstanding shares.

Secured Note Payable - Related Party

On December 22, 2003, Lehigh issued a secured note for $1,400,000 to Stone Street in conjunction with its purchase of land in New Jersey. The note provides for the payment of sixty equal monthly installments of principal and interest of $27,741 beginning on January 1, 2005, matures on January 10, 2010 and is secured through a second mortgage on the land. The note bears interest at a rate of 5% per annum.

Warrants

On September 24, 2003, NuWave issued 200,000 warrants to purchase NuWave's common stock at $1.00 per share. These warrants were issued to two former officers for prior services provided to NuWave. The warrants are exercisable over a five-year period which expires in September 2008.

Equity Line of Credit

On April 15, 2002, NuWave entered into a $3,000,000 Equity Line of Credit Agreement with Cornell Capital Partners, L.P.. Provided NuWave was in compliance with the terms of the Agreement, NuWave could, at its option, periodically require the Purchaser to purchase up to $100,000 in any seven day period of NuWave's common stock (the "put" shares) up to a maximum of $3,000,000 over the next two years, commencing on May 31, 2002 (the effective date of a Securities Act of 1933 registration statement on Form SB-2 for the registration of 100,000 shares of common stock to be sold under the Agreement, plus 4,762 shares of common stock mentioned below). Additional registration statements added 280,000 shares on November 1, 2002 and 1,200,000 on January 10, 2003, bringing the total registered shares to 1,580,000 under the Agreement. NuWave issued to the Purchaser 4,362 shares of common stock as a commitment fee for entering into the Agreement. In addition, NuWave issued to the placement agent 400 shares of NuWave's common stock. For each share of common stock purchased under the Equity Line of Credit, the Purchaser paid 97% of the then Market Price (as defined in the Agreement), and was paid a fee of 4% of each advance. This Agreement expired on April 15, 2004.

The Agreement was non-exclusive; thereby permitting NuWave to offer and sell its securities to third parties while the Equity Line of Credit was in effect. NuWave had the option to terminate the Equity Line of Credit Agreement at any time, provided there is no pending advance thereunder. During July 2003, NuWave reached the limit of 1,580,000 registered shares that were issuable under the Agreement.

NuWave received loans aggregating $357,000 and $525,000 during the years ended December 31, 2003 and 2002, respectively, from Cornell Capital Partners, L.P. NuWave repaid certain of these loans in the amounts of $273,000 and $325,000, in each of the years December 31, 2003 and 2002, respectively through the issuance of 1,151,490 and 187,374 shares of NuWave's common stock. The common shares issued to repay these notes were issued at a 3% discount. These loans were non-interest bearing during their terms, which ranged from 90 days to 180 days.

The balance of these loans as of September 2003, totaling $284,000, were not repaid within their term and were in default. During September 2003, NuWave entered into an Agreement with Cornell Capital Partners, L.P. to settle the default on these loans. In connection therewith, Cornell Capital Partners, L.P. agreed not to foreclose on its outstanding indebtedness of $284,000 owed by NuWave. In addition, on September 29, 2003, Cornell Capital Partners, L.P.

entered into a new loan agreement with NuWave for $200,000 to be deposited in escrow to be used to satisfy certain outstanding obligations of NuWave, including trade payables, unpaid wages, and settlement of employment agreements. The loan was non-interest bearing for its original term of 180 days.

On March 27, 2004, the $200,000 loan matured and was not repaid according to its terms. On April 5, 2004, Cornell Capital Partners, L.P. agreed to extend the due dates of the $284,000 of loans and the $200,000 loan to April 15, 2005. On May 11, 2004, Cornell Capital Partners, L.P. agreed to further extend the due dates of these $484,000 in loans to August 1, 2005. On July 20, 2004, Cornell Capital Partners, L.P. agreed to further extend the due dates of these $484,000 in loans to December 5, 2005. While in default and through the extended maturity date, the $284,000 of loans and the $200,000 loan accrue interest from the default dates at a rate of 24% per annum.

Convertible Preferred Stock

During May 2003, NuWave entered into a Securities Purchase Agreement with several independent buyers whereby NuWave issued and sold to the buyers 67,000 shares of Series A Preferred Stock at $1 per share. The buyers were entitled, at their option, to convert the Series A Preferred Stock into shares of NuWave's Common Stock at any time commencing after May 1, 2004 at an adjusted conversion price of $0.05 per share. Any unconverted shares as of May 1, 2005 would automatically convert into shares of NuWave's Common Stock at an adjusted conversion price of $0.05 per share. NuWave had the right to redeem the outstanding Preferred Stock upon 30 days written notice at a redemption price of 150% of the subscription amount plus interest on the purchase price of 24%. If NuWave chooses to redeem some, but not all, of the Series A Preferred Stock, NuWave could redeem a pro rata amount from each holder of the Series A Preferred Stock. The preferred stock was redeemed by NuWave in October 2003 for a total redemption price of $86,400. The $19,400 excess of the amount of the redemption over the amount of the original issue has been recorded as a deemed dividend - redemption premium on the convertible preferred stock.

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Shares issued for services

On June 30, 2003, NuWave issued 25,000 shares of common stock valued at approximately $5,000 in exchange for services provided to NuWave.

Effective June 1, 2004, NuWave issued 75,000 shares of common stock to George Kanakis, its President, under the terms of his employment contract. Mr. Kanakis is also entitled to options to purchase 100,000 shares of common stock at an exercise price equal to the closing bid price on the date immediately prior to the date of grant. These options have not yet been granted to Mr. Kanakis.

Increase in Authorized Shares, Reduction in Par Value and Reverse Stock Split

On December 20, 2002, the stockholders approved an increase in the number of authorized shares from 40,000,000 to 140,000,000 and a reduction of the par value per share from $0.01 to $0.001. The change in par value has been reflected in the consolidated financial statements during 2002. On July 21, 2003, NuWave's Board of Directors declared effective a reverse split of NuWave's common shares in the ratio of 1 to 50 as voted on and approved by the stockholders at NuWave's Annual Stockholders' meeting held on December 20, 2002, and effective on July 21, 2003. All share and per share amounts have been retroactively restated for the stock split.

Issuance of Common Stock

Between June 7, 2002 and June 30, 2002 NuWave entered into agreements with various investors whereby a total of 22,203 shares of Common Stock and warrants exercisable at $50 per share for 1,000 shares of common stock were issued for an aggregate purchase price of $330,350. In connection with the issuance of these shares, NuWave incurred costs of $35,664 in placement agent fees and expenses.

On February 27, 2002, NuWave entered into an agreement with an investor whereby NuWave issued 4,285 shares of common stock for an aggregate purchase price of $150,000 and warrants to purchase up to 1,000 shares of Common Stock at an exercise price of $50.00 per share with an exercise period of five years expiring February 27, 2007. Under the terms of the agreement a consultant was paid a finder's fee of $1,500 representing one percent of the purchase price.

On February 5, 2002, NuWave entered into a private placement agreement with investors whereby NuWave issued 12,000 shares of NuWave's common stock for an aggregate purchase price of $330,000. In connection with this agreement, NuWave issued to the Placement Agent a Placement Agent Warrant, exercisable to purchase up to 600 shares of common stock, representing five percent of the total of the stock issued in the Offering. The warrants shall be exercisable for a period of five years, expiring on February 8, 2007, at an exercise price of $27.50 per share. The Placement Agent also received a cash placement fee of eight percent of the purchase price and a non-accountable allowance equal to two percent of the purchase price, totaling $33,000.

With respect to the sale of unregistered securities referenced above, all transactions were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 (the "1933 Act"), and Regulation D promulgated under the 1933 Act. In each instance, the purchaser had access to sufficient information regarding NuWave so as to make an informed investment decision. More specifically, NuWave had a reasonable basis to believe that each purchaser was either an "accredited investor" as defined in Regulation D of the 1933 Act or otherwise had the requisite sophistication to make an investment in NuWave's common stock.

DESCRIPTION OF BUSINESS

GENERAL

NuWave Technologies was incorporated in Delaware on July 17, 1995.

Since its formation in 1995, NuWave has been a technology company, focused upon the development and marketing of technology and technology products related to enhancing image and video output. NuWave continues in its efforts to identify customers and markets where it will be able to market its proprietary technology.

Over the last three years, NuWave's sales have declined from $505,000 in 2001, to $286,000 in 2002 and to $20,000 in 2003, as it has had difficulty in securing buyers for its technology products in a very competitive market environment. NuWave has incurred net losses of $4,273,000, $2,674,000 and $790,000 for each of the years 2001, 2002 and 2003, respectively.

During 2003, in conjunction with a restructuring with the primary lender, NuWave terminated all of its officers and employees. On September 10, 2003, NuWave entered into an Agreement with a lender, Cornell Capital Partners, L.P., to settle a default on its indebtedness owed to Cornell Capital Partners, L.P.. Pursuant to the Agreement, Cornell Capital Partners, L.P. and NuWave agreed to the following:

- o Cornell Capital Partners, L.P. agreed not to foreclose on its outstanding indebtedness owed by NuWave. Cornell agreed to enter into a new loan agreement with NuWave for $200,000 to be deposited in escrow to be used to satisfy certain outstanding obligations of NuWave, including trade payables, unpaid wages, and settlement of employment agreements.

- o In this agreement, Cornell Capital Partners, L.P. will consider providing additional capital to NuWave and assisting in identifying new businesses. Cornell Capital Partners, L.P. has agreed to maintain NuWave's public filings and status. NuWave's Chief Executive Officer ("CEO") and Chairman of the Board of Directors, and Chief Financial Officer ("CFO"), agreed to resign their positions with NuWave. The CEO and CFO received a settlement consisting of cash and warrants to purchase shares of NuWave's common stock at an exercise price of $1.00 per share. NuWave's Board of Directors appointed a nominee to its Board of Directors, selected by Cornell. Upon such appointment, NuWave's Board members resigned. The Agreement was consummated on September 29, 2003, effective with the closing and the resignations of the Board members. As a result of reaching settlements to satisfy certain outstanding obligations of NuWave, including trade payables, unpaid wages, and settlement of employment agreements, NuWave realized a gain on forgiveness of debt of approximately $347,000, during the year ended December 31, 2003.

During 2003, NuWave made changes to its product lines and business strategy. NuWave has had difficulty in selling its technology related to image and video enhancement. This technology is designed to enrich picture and video output with clearer, more defined detail in texture, color, contrast and tone. NuWave competes in a very competitive and quickly evolving market. NuWave's products have not been price competitive in the market, and this had made it difficult to obtain placements within end use electronics markets. NuWave previously marketed three product lines; however, based on a reevaluation of these lines it is no longer marketing the retail and security/surveillance products and have significantly reduced our marketing efforts of the digital filtering technology and will continue to market the NuWave Video Processor (NVP).

The NVP technology is proprietary video-enhancement technology designed to significantly enhance video output devices with clearer, sharper details and more vibrant colors when viewed on the display screen. NuWave has engaged an exclusive independent sales agent to provide marketing, product development, promotion, sales and distribution of the NuWave Technology. This exclusive independent agent is marketing NuWave's products and technology to electronics and other companies on a world wide basis.

NuWave intends to broaden its base of products and investments in order to diversify the product portfolio into a broad spectrum of industries and to improve profitability. In 2003 and during the first quarter of 2004, NuWave formed new subsidiaries for the purpose of acquiring and holding real estate and other assets. As of March 31, 2004, NuWave holds only one real estate property, a parcel of undeveloped acreage, as discussed below.

On December 22, 2003, NuWave, through a wholly owned subsidiary, acquired vacant land that it intends to develop into a community for residents over the age of 55. On April 30, 2004, NuWave, through a wholly owned subsidiary, purchased a parcel of residential real estate for $122,000, utilizing approximately $113,000 in cash and the application of deposits of approximately $9,000. NuWave intends to redevelop and then later sell this property.

OTHER POTENTIAL PRODUCTS

NuWave continues to search for companies and investments, as well as products that use NuWave's technology. Each opportunity will be evaluated for both its fit for NuWave and the time frame upon which it will bring a satisfactory return on NuWave's investment. As of the date hereof, NuWave has not identified nor purchased any new investment products or companies.

RESEARCH AND DEVELOPMENT

Currently, research and development efforts are limited to refining technology for specific markets and customers from whom there may be near term sales. During 2003, NuWave made its research and development testing facilities and testing equipment available to its independent commissioned agent who will work with potential customers and markets to develop sales opportunities for NuWave. The agent may use the research and development facility as needed to support near term needs of potential market opportunities.

During fiscal 2003 and 2002, $134,000 and $681,000, respectively, was spent on research and development activities.

MARKETING AND SALES

In its technology business, NuWave has contracted with a sales and marketing agent who will exclusively represent NuWave in order to generate sales of NuWave's NuWave Video Processor Technology. This agent previously served as NuWave's chief technology officer. Under an agreement dated October 31, 2003, this agent has the non-exclusive right to market NuWave products worldwide. The agent is responsible for all of its own expenses, in promoting, marketing, selling and travel. The agreement provides for a commission to the agent of 90% of the net profit. This agreement expires on October 31, 2004.

MANUFACTURING

NuWave does not contemplate that it will directly manufacture any of its products. It has contracted with third parties to manufacture its NVP Application Specific Integrating Chips ("ASIC") and its product line up. It also may license to third parties the rights to manufacture the products, through direct licensing, Original Equipment Manufacturer ("OEM") arrangements or otherwise.

NuWave intends to produce the NVP ASIC chips only as ordered under firm commitments by customers.

PATENTS; PROPRIETARY INFORMATION

NuWave is presently re-evaluating is technology line-up and product strategy. In the past, NuWave has filed U.S. patents and/or copyright applications for certain of its proposed products and technology. NuWave has also filed applications in key industrial countries worldwide. NuWave intends to protect patents and technologies in key strategic technology product areas. These areas are currently being studied, and have not yet been clearly identified.

In April 1996, NuWave filed two U.S. patent applications on behalf of Rave Engineering Corporation ("Rave") for its Randall connector system. One patent was received in November 1997 and the second one in January 1998. Under the terms of the settlement agreement with Rave, NuWave retains the exclusive license rights to these patents.

In April 1998, NuWave filed three U.S. patent applications for certain of its independently developed products: one for the NuWave Video Processor and two for the Softsets, these patents were granted in November 2000, February 2001 and May 2001, respectively. In August 1999, NuWave filed a patent application for its digital software technology as used in PicturePrep product line, this patent was granted in October 2001. There is no assurance that any patent will afford us with commercially significant protection of our technology or that we will have adequate resources to enforce our patents.

NuWave historically sold its technology and products in foreign markets. As such, it has filed for foreign patent protection in the countries forming the European Common Union, Japan and Korea. The patent laws of other countries may differ significantly from those of the United States as to the patentability of NuWave's products and technology. Moreover, the degree of protection afforded by foreign patents may be different from that in the United States. Patent applications in the United States are maintained in secrecy until the patents are issued, if a non-publication request is timely made and the applications are not foreign filed, and are otherwise published 18 months after filing. Publication of discoveries in scientific or patent literature tends to lag behind actual discoveries by several months. As a result, NuWave cannot be certain that it will be the first creator of inventions covered by any patent applications it makes or the first to file patent applications on such inventions.

Management believes that the products NuWave intends to market and sell do not infringe the patents or other proprietary rights of third parties. Further, it is not aware of any patents held by competitors that will prevent, limit or otherwise interfere with NuWave's ability to make and sell its products. However, it is possible that competitors may have applied for, or may in the future apply for and obtain, patents which have an adverse impact on NuWave's ability to make and sell its products. There is no assurance that competitors will not infringe NuWave's patents. Defense and prosecution of patent suits, even if successful, are both costly and time consuming. An adverse outcome in the defense of a patent suit could subject NuWave to significant liabilities to third parties, require disputed rights to be licensed from third parties or require it to cease selling its products.

NuWave also relies on unpatented proprietary technology. There is no assurance that others may not independently develop the same or similar technology or otherwise obtain access to NuWave's unpatented technology. To protect its trade secrets and other proprietary information, NuWave requires employees, advisors and collaborators to enter into confidentiality agreements. NuWave could be adversely affected in the event that these agreements fail to provide meaningful protection for its trade secrets, know-how or other proprietary information.

COMPETITION

The markets that NuWave intends to enter are characterized by intense competition, and, particularly with respect to the market for video editing, video production and video processing products, significant price erosion over the life of a product. NuWave's products will directly compete with those of numerous well-established companies, such as Sony Electronics, Inc., Panasonic Division of Matsushita Electric Industrial Co., Motorola, Inc., Mitsubishi International Corp. and Royal Philips Electronics, NV, which design, manufacture and/or market video technology and other products. All of these companies have substantially greater financial, technical, personnel and other resources than NuWave and have established reputations for success in the development, licensing, sale and service of their products and technology. Certain of these competitors dominate their industries and have the necessary financial resources to enable them to withstand substantial price competition or downturns in the market for video products.

EMPLOYEES

NuWave currently has two full-time employees, of whom one is an executive and depending on its level of business activity, expects to hire additional employees in the next 12 months, as needed, to support marketing and sales, development and construction. NuWave also retains a number of consultants on an as-needed basis.

MANAGEMENT

NuWave's present directors and executive officers are as follows:

NAME	AGE	POSITION
George D. Kanakis	31	President, Chief Executive Officer, Chief Financial Officer and Director
Robert B. Legnosky	30	Director
Gary H. Giannantonio	31	Director

The following is a brief description of the background of the directors and executive officers of NuWave.

George D. Kanakis has been a Director and President and Chief Executive Officer of NuWave since September 10, 2003. From March 2002 through August 2003, he had been a Vice President, Corporate Finance for Cornell Capital Partners, L.P., where he structured equity and debt financings, as well as provided consulting to clients on mergers and acquisitions. From 1993 to 2001 Mr. Kanakis managed the Futures and Options Group at Barclays Capital, where he serviced primarily institutional clients, around the world. Mr. Kanakis holds an MBA in Finance and Investments from the Zicklin School of Business at Baruch College where he graduated in December 2001 and a degree in Economics from Rutgers University where he graduated in May 1995.

Robert B. Legnosky has been a Director since September 10, 2003. Since October 30, 2002, Mr. Legnosky has been serving as the President and Chief Executive Officer of Celerity Systems, Inc. From 1998 through October 2002, Mr. Legnosky has served as a Senior Technical Consultant with AXA Financial/Equitable Life where he provided technical support and direction on cash analysis and monitored unprocessed cash reports to ensure service standards. From 1997 to 1998, Mr. Legnosky served as a Sales Associate with Cybermax Computer Inc. where he advised consumers on personal computers, provided technical support to clients, and drafted proposals. From 1997 to 1998, Mr. Legnosky also served as a Group Life Claims Manager with Prudential Insurance Company