CENTERGISTIC SOLUTIONS INC
Form SB-2/A
April 26, 2004

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As filed with the Securities and Exchange Commission on April 26, 2004.

Registration No. 333-111378

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3
to

FORM SB-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CENTERGISTIC SOLUTIONS, INC.

(Name of small business issuer in its charter)

California	561430	95-2873122
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer I.D. Number)

2045 W. Orangewood Avenue
Orange, California 92868
(714) 935-9000
(Address and telephone number of principal executive offices)

2045 W. Orangewood Avenue
Orange, California 92868
(714) 935-9000
(Address of principal place of business or intended principal place of business)

David M. Cunningham
2045 W. Orangewood Avenue
Orange, California 92868
(714) 935-9000
(Name, address and telephone number of agent for service)

Copies to:
Caldwell R. Campbell, Esq.
Day & Campbell, LLP
2030 Main Street, Suite 1600
Irvine, California 92614
(949) 553-1500 (telephone)
(949) 553-1544 (facsimile)

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

If any securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, 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, 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. [ ]

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If this form is a post-effective amendment filed pursuant to Rule 462(d) 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, check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share(2)**	**Proposed Maximum Aggregate Offering Price(2)**	**Amount of Registration Fee (3)**
Common Stock	1,536,656 shares	$ .50	$768,328	$ 98

(1) This registration statement registers the resale of up to 1,536,656 shares of common stock offered by our selling stockholders, including 67,216 shares issuable upon exercise of warrants and 1,119,440 shares issuable upon exercise of convertible promissory notes. In addition to the number of shares set forth above, the amount to be registered includes any shares of our common stock issued as a result of stock splits, stock dividends and similar transactions in accordance with Rule 416.

(2) The Proposed Maximum Offering Price Per Share and the Proposed Maximum Aggregate Offering Price in the table above are estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 promulgated under the Securities Act of 1933. Since there is no current trading market for the common stock, the Proposed Maximum Offering Price is based upon the initial offering price of the shares.

(3) Previously paid.

We hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until we 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 the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION DATED APRIL 26, 2004

CENTERGISTIC SOLUTIONS, INC.
Prospectus

1,536,656 SHARES OF COMMON STOCK

This prospectus covers the resale of up to 1,536,656 shares of our common stock owned by our selling stockholders who will offer their shares initially at $ .50 per share and thereafter, if our common stock is quoted on the Over-the-Counter Bulletin Board, at then prevailing market prices or privately negotiated prices. The selling stockholders previously purchased the shares, or will purchase the shares upon exercise of warrants and convertible promissory notes, from us in private transactions. We will not receive any of the proceeds from the sale of the 1,536,656 shares.

No public market currently exists for our common stock. We plan to apply to list our common stock on the Over-the-Counter Bulletin Board.

Investing in our common stock involves substantial risks. See Risk Factors beginning on page 7.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is ________, 2004.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus as we have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the shares. The selling stockholders are offering to sell shares of our common stock only in jurisdictions where offers and sales are permitted.

SUMMARY

This summary highlights material information regarding our company and the offering contained in this prospectus. You should read the entire prospectus carefully, including the financial information and related notes, before making an investment decision. Reference in this prospectus to we , us , and our all refer collectively to Centergistic Solutions, Inc. and its subsidiaries unless the context indicates otherwise or as otherwise noted. Centergistic Solutions, CenterStats, AgentView and AgentLink are registered trademarks of Centergistic Solutions. See Business for a list of other trademarks of Centergistic Solutions, including AgentView Enterprise, AgentView Enterprise EPM, AgentView Web, AgentView WAP, PowerUser, Advanced Threshold Handling, Performance Indicator Builder and CenterStats OmniCollector, all of which are unregistered. All other brand names or trademarks appearing in this prospectus are the property of their respective owners. Unless otherwise indicated, information in this prospectus reflects a stock split of 8 for 1 shares effected in January, 2004.

Business

Centergistic designs, installs, and services business performance and intelligence management software used by managers of customer/call contact centers. A call center is a group of people and processes in place to take or make large volumes of phone calls. Customers use call centers to make reservations, check bank balances and order merchandise, among other things. We use the term contact center rather than call center in our business, since these centers now handle on-line transactions as well as the traditional phone call. Our products help companies improve productivity by providing an integrated, unified view of critical information throughout the enterprise. This information is provided in the form of real time smart metrics and alerts, along with sophisticated analytics.

Centergistic s flagship AgentView product is installed in over 3,500 locations worldwide, monitoring performance and operations efficiency of the workforce and processes. Centergistic s recently released CenterStats product expands performance management throughout the enterprise, providing a desktop digital cockpit of critical business metrics. We believe it is more powerful in its collection and alert filtering technology than any other software package available. The system works without disrupting existing management information systems. Sold initially to the contact center market, our strategy is to expand CenterStats to the enterprise. Centergistic s core competence is simultaneous data collection from all types of telecommunications switches and automatic call distributors (ACDs), as well as from disparate management information systems and databases, and the customized presentation of that data for real-time performance management.

Centergistic sells its products principally through sophisticated and well-established telecommunications equipment distributors in the U.S., Europe, and Latin America.

Centergistic was organized as a California corporation in March, 1972. Our corporate administrative office is located at 2045 W. Orangewood Avenue, Orange, California 92868, and our telephone number is (714) 935-9000. Our Web site is at www.centergistic.com. Information on the Web site is not a part of this prospectus.

Plan of Distribution

The shares covered by this prospectus will be offered by the selling stockholders initially at $.50 per share and thereafter, if our common stock is quoted on the OTC Bulletin Board, from time to time in open market transactions at then prevailing market prices or privately negotiated prices. We will not receive any of the proceeds from these sales.

The Offering

Common stock outstanding as of February 29, 2004.	9,445,232 shares
Shares offered by the selling stockholders	1,536,656 shares of common stock

In addition to the 9,445,232 shares outstanding, as of February 29, 2004 there were 2,402,800 shares issuable upon exercise of outstanding common stock options, 5,126,528 shares issuable upon exercise of outstanding warrants and 1,232,632 shares issuable upon conversion of outstanding convertible promissory notes.

The shares offered by the selling stockholders includes 1,186,656 shares issuable upon exercise of warrants or conversion of convertible promissory notes held by them as of February 29, 2004.

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Description of Selling Stockholders

Through this prospectus, we are registering the resale of up to 1,536,656 shares of our common stock held by the selling stockholders. None of the selling stockholders are officers, directors or 10% or greater stockholders of our company.

Forward-looking Statements

This prospectus includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us which are discussed in the Risk Factors section below as well as throughout this prospectus. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

Summary Financial Data

The following summary financial data is qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. Financial data as of June 30, 2003 and for the two years ended June 30, 2003 have been derived from our financial statements which were audited by Haskell & White LLP. The selected financial data as of December 31, 2003, and for the six month periods ended December 31, 2003 and 2002 have been derived from our unaudited financial statements which, in the opinion of our management, reflect all adjustments, which are of a normal recurring nature, necessary to present such information fairly.

Statement of Operations Data:

	Fiscal years ended June 30,		Six months ended December 31,	
	2003	2002	2003	2002
			(unaudited)	
Revenues	$4,307,916	$ 4,122,879	$2,114,174	$2,009,471
General and administrative expenses	$1,694,053	$ 1,891,443	$ 832,599	$ 873,423
Net loss	$ (243,286)	$(1,161,267)	$ (229,214)	$ (149,927)
Basic and diluted loss per share	$ (0.03)	$ (0.12)	$ (0.02)	$ (0.02)
Basic and diluted weighted average number of shares of common stock outstanding	9,267,808	9,343,504	9,214,768	9,273,408

Balance Sheet Data:

	June 30, 2003	December 31, 2003
		(unaudited)
Total assets	$1,945,188	$2,457,866
Total liabilities	$ 563,450	$1,236,867
Stockholders equity	$1,381,738	$1,220,999

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RISK FACTORS

The shares of common stock offered by this prospectus involve a high degree of risk. You should carefully consider the following risk factors, in addition to the other information set forth in this prospectus, before you purchase these shares. The risks and uncertainties described below are those that we have identified as material. If any of the events contemplated by the following discussion of risks should occur, our business, financial condition and results of operations may suffer. As a result, the trading price of our common stock could decline and you could lose part or all of your investment in our common stock.

We have experienced losses in the past, anticipate losses for the foreseeable future and may never achieve profitability.

We incurred a net loss of $243,286 for our fiscal year ended June 30, 2003, and as of such date our accumulated deficit was $1,217,425. For the six month period ended December 31, 2003, we incurred a net loss of $229,214 and our accumulated deficit was $1,446,639 as of such date. We expect that our operating expenses will increase significantly as we continue to expand our business. As a result, we will need to generate significantly more revenues from sales of our new CenterStats product to achieve profitability. We have a limited operating history with our new CenterStats product and we are not able to estimate when, if ever, our revenues will increase sufficiently to cover these expenses. We cannot assure you that our revenue will grow in the future or that additional capital will be made available to us. If revenues grow slower than we anticipate, or if operating expenses exceed our expectations or cannot be reduced accordingly, or if we cannot obtain additional capital, our business, operating results and financial condition will be materially and adversely affected, which could cause you to lose all or part of your investment in our common stock.

We have not generated any significant revenues from the sale of our new CenterStats product and if we are unable to increase sales, our business, operating results and financial condition will be materially adversely affected.

We began marketing our CenterStats product in March 2002. Our marketing efforts to date have been very limited because we lack sufficient capital to implement our sales and marketing strategy. Revenues for our fiscal year ended June 30, 2003 and for the six month period ended December 31, 2003 were $4,307,916 and $2,114,174, respectively.

Our future revenues will depend significantly on our ability to penetrate the call/contact center [or business intelligence software] market space. We have developed a sales and marketing strategy to achieve revenue growth, but we need additional capital to implement it. If we are not successful in selling our products in our targeted market due to insufficient additional capital or other factors including competitive pressures or technological advances by others, our business, operating results and financial condition will be materially and adversely affected.

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We need additional capital to implement our current business strategy, which may not be available to us, and if we raise additional capital, it may dilute your ownership in us.

We will require additional equity or other financing in order to implement our sales, marketing and business strategy to grow revenues and reach profitability. Obtaining additional financing will be subject to a number of factors, including market conditions, our operating performance and investor sentiment. These factors may make the timing, amount, terms and conditions of additional financing unattractive to us. We cannot assure you that we will be able to obtain any additional financing. If we are unable to obtain the financing needed to achieve our business strategy, our ability to increase revenues will be materially impaired and we may never reach profitability.

Any additional capital raised through the sale of equity or convertible debt securities may dilute your ownership percentage in us. In addition, we may have to issue securities including debt securities, that may have rights, preferences and privileges senior to our common stock.

Our quarterly operating results, revenues and expenses may fluctuate significantly which could have an adverse effect on the market price of our common stock.

Our operating results, revenues and expenses may fluctuate significantly from quarter to quarter due to a variety of factors including:

- the amount and timing of receipt of additional capital needed to implement our sales and marketing strategy,
- market acceptance of our CenterStats product,
- the timing, size and execution of orders and shipments,
- lengthy and unpredictable sales cycles,
- the timing of introduction and market acceptance of new products or product enhancements by us or our competitors,
- product and price competition,
- the relative proportions of revenues derived from license fees and services,
- changes in our operating expenses,
- our success in increasing our direct sales force,
- our success in maintaining relationships with our third-party distributors and adding new ones, and
- fluctuations in general economic conditions.

We believe that period-to period comparisons of our results of operations are not a good indication of future performance. There can be no assurance that future revenues and results of operations will not vary substantially. It is also possible that in future quarters, our operating results will be below the expectations of public market analysts and investors. In that event, the trading price of our common stock may fall.

The loss of Dacon PLC as a customer would materially adversely affect our business, operating results and financial condition.

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We sell a substantial portion of our products to Dacon PLC, which is based in the United Kingdom and has been a distributor of our products for the past 10 years. For the fiscal years ended June 30, 2003 and 2002, Dacon accounted for 31% and 32%, respectively, of total net revenues, and for 18% and 7% of total trade receivables at June 30, 2003 and 2002, respectively. For the six month periods ended December 31, 2003 and 2002, Dacon accounted for 26% and 26%, respectively, of net revenues, and 3% of total trade receivables as of December 31, 2003. The loss of Dacon PLC as a customer would have a material adverse effect on our business, operating results and financial condition.

We face risks associated with operations in Mexico, Latin America and South America which could adversely affect our business, operating results and financial condition.

We derive a substantial portion of our revenues from sales to customers in Mexico, Latin America and South America. For the fiscal years ended June 30, 2003 and 2002, these customers represented approximately 29% and 27%, respectively, of our total net revenues. For the six month period ended December 31, 2003 and 2002, these customers represented approximately 25% and 27%, respectively, of our total net revenues.

We face certain risks inherent in conducting business internationally, and such specific risks in Mexico, Latin America and South America as languages and cultural differences, legal and governmental regulatory requirements and potential political and economic unrest. Any of these factors could seriously harm our ability to generate future revenues from these customers, and, consequently, our business, operating results and financial condition.

We operate in a competitive business environment and if we cannot compete effectively, we may face price reductions and decreased demand for our products.

The market for our products and services is intensely competitive and subject to technological change. Competitors vary in size and in the scope and breadth of the products and services they offer. We encounter competition from a number of sources, all of which offer performance management reporting systems to the call/contact center market. We expect additional competition from other established and emerging companies as the market for performance management reporting solutions and complementary products continues to develop and expand. We encounter competition in the United States from a number of sources, including Symon and Innova, all of which offer performance management reporting systems to the call/contact center market. Some of our current, and many of our potential competitors have longer operating histories, greater name recognition, larger client bases and significantly greater financial, engineering, technical, marketing and other resources than we do. As a result, these companies may be able to respond more quickly to new or emerging technologies and changes in customer demands or to devote greater resources to the development, promotion and sale of their products than we can.

In addition, current potential competitors have established or may establish cooperative relationships among themselves or with third parties to increase the ability of their products to address the needs of our prospective customers. Accordingly, it is possible that new competitors or alliances among competitors may emerge and acquire significant market share. We expect

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that the call/contact center market will continue to attract new competitors and new technologies, possibly involving alternative technologies that are more sophisticated and cost-effective than our technology. New product introductions by our competitors could cause a decline in sales, a reduction in the sales price, or a loss of market acceptance of our existing products. There can be no assurance that we will be able to compete successfully against current or future competitors or that competitive pressures faced by us will not materially adversely affect our business, financial condition and results of operations.

We rely in part, on third-party distributors to market and distribute our products, and their failure to do so successfully could significantly harm our ability to maintain and expand our customer base, which would adversely affect our operating results and financial condition.

Our sales and marketing strategy includes channels of third party distributors. We have developed a number of these relationships and intend to develop new ones. Our inability to attract new distributors or their inability to penetrate their respective market segments or the loss of any of our third-party distributors as a result of competitive products offered by other companies, or products similar to ours that are developed internally by them or otherwise, could harm our ability to maintain and expand our customer base. Our ability to achieve revenue growth in the future will depend in part on our success in developing and maintaining successful relationships with these third-party distributors. If we are unable to develop or maintain our relationships with these third-party distributors, our operating results and financial condition will suffer.

We must increase our direct sales force to sell our products, and if we are unable to hire and train new sales personnel, our future growth will be impaired.

Our direct sales force currently consists of three persons. Our sales and marketing strategy includes increasing the level of direct sales. Our ability to achieve revenue growth in the future will depend on our ability to recruit, train, and retain qualified direct sales personnel. If we are not able to obtain additional capital, we will not be able to increase the size of our direct sales force. Even if we are successful in obtaining additional capital, there is no assurance that we will be successful in recruiting and retaining qualified sales personnel. Our inability to increase the size and productivity of our direct sales force could impair our growth and adversely affect our operating results and financial condition.

If we fail to keep pace with rapid technological changes in our industry, we could lose existing customers and be unable to attract new business.

Our market is characterized by rapidly changing technologies, frequent new product and service introductions and evolving industry standards. The introduction of products embodying new technologies and the emergence of new industry standards can render our existing products obsolete and unmarketable in short periods of time. We expect new products and services, and enhancements to existing products and services to continue to be developed and introduced by others, which will compete with, and reduce the demand for, our products and services. Our future success will depend, in part, on our ability to enhance the performance features and

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reliability of our current products and introduce new products that keep pace with technological developments and emerging industry standards and to address the increasingly sophisticated needs of our customers. We may have to raise additional capital to successfully improve the features and reliability of our products and services. We may not be able to obtain the capital or obtain it on terms acceptable to us. There can be no assurance that we will be successful in developing, marketing and selling new products or product enhancements that meet these changing demands, that we will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these products or that our new products and product enhancements will adequately meet the demands of the marketplace and achieve market acceptance.

We may lose sales, or sales may be delayed, due to the long sales cycle for our products, which would reduce our revenues.

Our customers generally involve many people in the decision to purchase our products and consulting and other services. As a result, we may wait many months before a sale can actually be completed. During this long sales cycle, events may occur that affect the size or timing of the order or even cause it to be canceled. For example, our competitors may introduce new products, or the customer s own budget and purchasing priorities may change. If these events were to occur, sales of our products may be cancelled or delayed, which would reduce our revenues.

If we do not retain our senior management and other key employees, we may not be able to successfully implement our business strategy.

Our future success depends to a significant extent on the continued services of our senior management, particularly, Ricardo Brutocao, Chief Executive Officer, and David Cunningham, Chief Operating and Financial Officer, and other key personnel, particularly, Rama Iyer, Vice President, Technology and Product Management. The loss of the services of any of these persons could have a material adverse effect on our business, results of operations and financial condition. We have no employment agreements with Mr. Cunningham or Mr. Iyer. We do not maintain key person life insurance for any of our personnel at this time but may decide to in the future. Competition for qualified personnel in our industry is intense and we compete for these personnel with other companies that have greater financial and other resources than we do. Our future success will depend in large part upon on our ability to attract, retain and motivate highly qualified personnel, and there can be no assurance that we will be able to do so. If we have any difficulty in hiring needed qualified personnel, our business, financial condition and results of operations could be materially adversely affected.

Our success depends on growth in the telecommunications industry.

While the Company as a whole is not dependent upon the telecommunications industry, our AgentView legacy products are substantially positioned in the sector. Our business would be adversely affected to the extent that the telecommunications industry continues to contract through consolidation and advances in technology, or does not achieve sustainable growth,

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particularly usage by companies who use multiple software applications. A number of factors may inhibit the telecommunications industry s growth, including:

- financial difficulties and recent bankruptcies of major providers such as Global Crossing and Worldcom;
- competitive concerns centered around large-scale price cutting;
- reluctance of industry companies to place purchase orders for capital expenditures; and
- lack of increasing customer demand for premium and high-speed services.

If these conditions continue to occur in the future, the telecommunications industry, as well as the purchase of our products by it, could grow more slowly or decline.

Our limited ability to protect our proprietary technology and other rights may adversely affect our ability to compete.

We rely on a combination of trademarks, copyrights, trade secret laws and contractual provisions to protect our intellectual rights. We also have a patent pending for an information management system. We cannot assure you that our patent application will result in any patent being issued to us or, if issued, that any patent claims will be of sufficient scope or strength to provide any meaningful protection or any competitive advantage to us. There can be no assurance that these protections will be adequate to prevent our competitors from misappropriating our technology, or that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology. To protect our trade secrets and other proprietary information, we require employees, consultants and others to enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information.

If we are found to infringe the proprietary rights of others, we could be required to redesign our products, pay royalties or enter into license agreements with third parties.

Although we have never been the subject of a material intellectual property dispute, there can be no assurance that a third party will not assert that our technology violates its intellectual property rights in the future. As the number of software products in our target market increases and the functionality of these products further overlap, we believe that software developers may become increasingly subject to infringement claims. Any claims, whether with or without merit, could:

- be expensive and time consuming to defend,
- cause us to cease making, licensing or using products that incorporate the challenged intellectual property,
- require us to redesign our products, if feasible,
- divert management s attention and resources, and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies.

There can be no assurance that third parties will not assert infringement claims against us in the future with respect to our current or future products or that any such assertion will not require us to enter into royalty arrangements (if available) or litigation that could be costly to us.

A large percentage of our stock is owned by relatively few people, including officers and directors, and their interest may be different from and conflict with yours.

As of February 29, 2004, our officers and directors beneficially owned a total of 11,674,008 shares (including shares issuable upon exercise of options, warrants or convertible securities beneficially owned by them that are exercisable or convertible within 60 days after February 29, 2004), or approximately 76% of our outstanding common stock. If you purchase shares covered by this prospectus, you may be subject to certain risks due to the concentrated ownership of our common stock. For example, these stockholders, if acting together, would be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

Future sales of shares of our common stock which are eligible for sale by our stockholders may decrease the price of our common stock.

We had 9,445,232 shares of common stock outstanding on February 29, 2004. All of these shares are restricted securities under Rule 144 of the Securities Act of 1933. An additional 8,761,960 shares underlying options, warrants and convertible promissory notes outstanding on February 29, 2004 will be restricted securities if and when they are issued. Restricted securities may be sold only if they are registered under the Securities Act or if an exemption from the registration requirements of the Securities Act is available. Generally, stockholders may sell restricted securities without registration after holding them for one year and subject to certain volume limitations. Actual sales, or the prospect of sales by our present stockholders or by future holders of restricted securities under Rule 144, or otherwise, may, in the future, have a depressive effect on the market price of our common stock. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities.

There is no market for our common stock and we cannot assure you that a market will develop or what the market price of our common stock will be.

There is no public trading market for our common stock, and we cannot assure you that one will develop or be sustained after this offering. Trading, if any, in our common stock will be conducted in the over-the-counter market on the OTC Electronic Bulletin Board. If a market does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade. It is possible that in future quarters our operating results may be below the expectations of public market analysts and investors and, as a result of these and other factors, the price of our common stock may decline.

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Our common stock will be deemed to be penny stock which may make it difficult for investors to sell their shares.

If a market ever develops for our common stock, our common stock will be deemed to be penny stock as that term is defined in Rule 3a51-1 of the Securities Exchange Act of 1934 (the Exchange Act). Penny Stocks are stocks: (i) with a price of less than five dollars per share; (ii) that are not traded on a recognized national exchange; (iii) whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ listed stocks must still meet requirement (i) above); or (iv) in issuers with net tangible assets less than $2,000,000 (if the issuer has been in continuous operation for at least three years) or $5,000,000 (if in continuous operation for less than three years) or, with average revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Exchange Act require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor s account. Potential investors in our common stock are urged to obtain and read such disclosures carefully before purchasing any shares that are deemed to be penny stock.

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Moreover, Rule 15g-9 of the Exchange Act requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to: (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transaction in penny stocks are suitable for the investor and that the investor has significant knowledge and experience to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from such investor, confirming that it accurately reflects the investor s financial situation, investment experience and investment objects. Compliance with these requirements may make it more difficult for investors in our common stock to resell the shares to third parties or to otherwise dispose of them.

No dividends anticipated to be paid.

We have never paid any cash dividends on our common stock and we do not anticipate paying cash dividends on our common stock in the future. The future payment of dividends is directly dependent upon our future earnings, capital requirements, financial requirements and other factors to be determined by our Board of Directors. It is anticipated that future earnings, if any, which may be generated from our operations will be used to finance our growth, and that cash dividends will not be paid to our stockholders.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements that involve risks and uncertainties. We use words such as anticipate, believe , expect , future , intend , plan , and similar expressions to identify forward-looking statements. These statements are only predictions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us and described on the preceding pages and elsewhere in this prospectus.

We believe it is important to communicate our expectations to our investors. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors listed above, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we described in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus could have a material adverse effect on our business, operating results, financial condition and stock price.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a provider of business performance and intelligence management software that enables companies to translate data into critical and meaningful metrics allowing for improved financial and operational performance. Our software provides managers with customizable reporting and analysis tools. These tools allow for real-time monitoring of and reporting against crucial benchmarks in an organization. This enables constant monitoring of a company s progress against financial and operational goals, and helps achieve optimal operational performance.

Business performance and intelligence management software uses historical and real-time data and metrics to provide managers with visibility on the business operations in real-time. We provide call/contact center managers with powerful reporting and analytic tools allowing the constant monitoring of the operational effectiveness and efficiency. While our current market focus is on the call/contact center, we offer software to all operational areas of the enterprise to gauge performance and profitable improvement. We also offer consulting, training, technical support and programming services for our customers and partners.

Our company operates through its domestic headquarters, our Lynch Young & Company Professional Services Group, and our wholly-owned Mexican subsidiary located in Mexico City, Mexico. Our domestic operation sells AgentView, CenterStats, the related hardware necessary to run these applications or display statistics derived from these applications, training and educational services, installation, custom programming and support services.

Centergistic Solutions, Inc. was incorporated in Los Angeles, California on March 13, 1972. Lynch Young Inc. (dba Lynch Young & Company) was incorporated in California on October 16, 1980. Centergistic Solutions Latina America S. de R.L. de C.V., a limited liability partnership, was formed in Mexico City, Mexico on May 19, 2000. This partnership was a successor to Centergistic Solutions Latina America S.A. de C.V., a Mexican corporation originally formed July 1, 1993.

Our Lynch Young & Company Professional Services Group operates as a consulting firm selling consulting services to the call/contact center market. Our Mexican subsidiary acts as a distribution company selling our AgentView and CenterStats products along with other vendor sourced products to a variety of distributors and end-users in Latin and South America. They also sell training and educational services, installation and product support packages.

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In 2001, we completed development on our new product, CenterStats. During fiscal year (FY) 2002 and 2003, we devoted what little internally generated capital was available (approximately $100,000 in each of these fiscal years) to actively promote, market, and sell CenterStats. The money was spent on a salesperson focusing on selling CenterStats, and various marketing initiatives intended to promote market awareness of CenterStats. However, due to limited resources, we have never conducted a formal product launch and kickoff for CenterStats. In addition, during FY 2002 and 2003, there has been a global economic slowdown, and particularly, a decrease in corporate spending on infrastructure and technology. These factors have had an adverse impact on our ability to market and sell CenterStats, as well as the results of our operations.

We face several significant challenges common in our industry; continued revenue growth; market segment risk; technological changes; and liquidity and capital resources.

We face challenges in growing our revenues because our CenterStats product has not been installed in a large number of clients to date, and has not achieved wide customer acceptance due to limited marketing and sales activities. We are dependent upon the sale of CenterStats to substantially grow our revenues. We have developed a sales and marketing plan to achieve this revenue growth, but need capital necessary to implement the plan.

We currently sell our products and services into the call/contact center market. We generally sell in two different types of environments. In one instance, our products are part of a bundled sale at the time of a new call/contact center purchase and installation. We are dependent on our distributors for a majority of these types of sales. In the other instance, we sell to established call/contact centers that perceive a lack of data, statistics, and metrics to effectively manage and monitor the performance of their centers. We generate revenue in this arena through both direct end-user sales and distribution channel sales. We face challenges that our distributors could find new sources of this type product or even internally develop their own product. We also face challenges that the call/contact center market undergoes significant changes, restructuring, contraction, or evolution into different technologies.

We are subject to a rapidly changing technological environment. Our ability to keep current with the demands of technology is critical to our success. Each time the data flow of a particular application in the call/contact center changes or new applications are created, we must be able to retrieve that data. Our products must be changed also so that we may retrieve that data. If we cannot continue to stay atop the technology curve, we will not be able to compete effectively in this market space. To combat this challenge, we have developed technology partnerships with many of the industry application providers such as Avaya, Cisco, Concerto, Genesys, Microsoft, and Nortel to name a few. These partnerships allow us the environment to test our products and certify that our products work with a specific vendor application and to get updates as their technology changes.

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In May 2003 we opened a development center in Delhi, India. We hired three developers and currently have a staff of five. India was chosen as the site of our center because of its available base of skilled and technological competent developers and a lower cost structure. We plan to increase the staffing level to ten upon a successful raise of capital. Primarily, these developers will develop interfaces to enable our products to work with best of breed call/contact center applications. Best-of-Breed (BOB) software can be defined as the use of a specific software program or package for each specific application or requirement. Many companies prefer, as policy, to incorporate a Best-of-Breed software approach to make sure they are using the most highly developed and tested solution for each application. The India development center currently costs approximately $5,000 to $6,000 per month to maintain.

We derive a substantial portion of our revenues from sales to customers in Mexico, Latin America and South America. For the fiscal years ended June 30, 2003 and 2002, these customers represented approximately 29% and 27%, respectively, of our total net revenues. For the six month period ended December 31, 2003 and 2002, these customers represented approximately 25% and 27%, respectively, of our total net revenues.

Our revenues in these countries are derived from our subsidiary, Centergistic Solutions Latin America S. R. L. de C.V., a limited liability partnership. Its offices are located in Mexico City and houses 17 employees. This company acts primarily as a distributor, selling our AgentView and CenterStats products along with others sourced from third party vendors such as PC call accounting, voicemail products, data collection devices, and LED display boards. This company sells its products primarily to companies such as Avaya, Siemens and Alcatel.

On September 30, 2003, we completed a private funding round of convertible promissory notes. The gross proceeds generated from this raise was $490,000, the net cash received was $460,000. The proceeds will be used to begin to implement our sales and marketing plan for bringing CenterStats to the market and to pay the fees and costs associated with the selling stockholder offering described in this prospectus. We intend to apply $100,000 towards the implementation of our sales and marketing strategy. The remaining $360,000 was allocated as follows: $100,000 for accounting fees and related services, $100,000 for consulting and advisory fees, $65,000 for principal payments of notes payable, $55,000 for legal fees, $20,000 for printing expenses (including EDGARizing expenses) and $20,000 for general working capital. We intend to raise up to an additional $3,000,000 in a private offering after the date of this prospectus. If this raise is successful, as to which there is no assurance, those proceeds will be used to more fully implement our sales and marketing strategy. We intend to begin the capital raise approximately 60-90 days after the effective date of this registration statement. This capital raise is critical to the implementation of our sales and marketing strategy described in this prospectus.

We must have capital to successfully implement our sales and marketing strategy. We are not likely to see significant revenue growth without the sales and marketing activities we intend to initiate with the proceeds of our intended capital raise.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity and disclosure of contingent assets and liabilities at the date of the financial statements and

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the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

Our revenue recognition policy is significant because revenue is a key component of our results of operations. We derive our revenue primarily from sales of our various products. As described below, significant management judgments and estimates must be made and used in connection with revenue recognized in any accounting period. If our management makes different judgments or uses different estimates, material differences may result in the amount and timing of our revenue for any period. We recognize revenue from the sale of our products when:

- we have persuasive evidence that an arrangement exists. For all sales, we use a binding purchase order and sales order confirmation as evidence of an arrangement. Sales through certain of our distributors are evidenced by a master agreement governing the relationship, together with binding purchase orders on a transaction by transaction basis;

- the product is delivered to the customer under the terms of the arrangement and title passes. Passage of title generally occurs when the product is delivered to a common carrier, but in some cases occurs when the customer receives the product;

- the revenue is fixed and determinable. At the time of the transaction, we assess whether the fee associated with our revenue transactions is fixed and determinable based on the payment terms associated with the transaction. If a significant portion of a fee is due after our normal payment terms, which are 30 to 75 days from invoice date, then we account for the fee as not being fixed and determinable. In these cases, we recognize revenue as the fees become due; and

- collection of the resulting receivable is reasonably assured. We assess collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. We do not request collateral from our customers. If we determine that collection of a fee is not reasonably assured, then we defer the fee and recognize revenue at the time collection becomes reasonably assured, which generally is upon receipt of cash.

We derive revenues from licensing our software products, selling computer and display hardware, and providing customer support, training, installation, and consulting services. Software license fees for site licenses and master license agreements are recognized as revenue upon delivery of the software, and when remaining obligations are not significant. Sales to distributors are recognized upon delivery as our distributors generally have customer orders in hand before ordering from us. Should orders be cancelled, our distributors are subject to restocking charges of 10%-25% except for custom orders which are non-cancellable.

Our software licensing agreement provides the customer with certain warranty provisions, including a limited time to test the software. If the customer can prove the software is not functioning, we have the opportunity to remedy the problem, and if not resolved, the customer can return the software. Historically, returns and warranty costs have not been significant.

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Advance contract payments for services, consisting primarily of software customer support, are recorded as deferred income until after the expiration of the software warranty period, at which time the revenue is recognized ratably over the term of the maintenance period. All subsequent software support is billed separately and recognized ratably over the life of the support period.

Revenue from computer and display hardware is recognized upon shipment, and consulting service revenue is recognized as services are rendered.

Allowance for Doubtful Accounts

Our management estimates the uncollectability of our accounts receivable for losses that may result from the inability of our customers to make required payments. Management specifically analyzes accounts receivable and historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If our customers financial condition deteriorates such that it impairs their ability to make payments to us, additional allowances may be required. As of December 31, 2003 and June 30, 2003, our accounts receivable balances were $983,000 and $876,000, respectively, net of our estimated allowances for doubtful accounts of $56,000 and $36,000.

The accounts receivable and estimated allowance for doubtful accounts increased during the six month period ended December 31, 2003. The Company has achieved higher revenue volumes and larger average invoices due to increased CenterStats sales. The payment cycle on these types of sales appears to have stretched to 75-90 days from our typical experience of 45-60 days. We expect this trend to continue as we increase sales of CenterStats.

We have taken steps to address this trend by requiring staged payments on these contracts when milestones are completed. We now typically require 25% of the contract amount due upon signing, 50 to 65% upon delivery, and the remaining balance due 30 days thereafter. We do not expect this trend to significantly impact us as we believe revenues will continue to grow sufficiently to enable us to generate enough cash flow to sustain operations.

The accounts receivable turnover at December 31, 2003 has slowed due to a significant volume of sales in the month of December 2003. Revenues for the quarter ended December 31, 2003 were $1,021,000. Revenues in the month of December 2003 were $532,000 representing 52% of the revenues for the quarter. We billed $666,000 in the month of December. This represents nearly 68% of the net accounts receivable balance at December 31, 2003. This distorts the calculation of the accounts receivable turnover, as December billings account for over 55 of the 81 turnover days calculated.

Capitalized Software Development Costs

We account for software development costs in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed. SFAS No. 86 specifies that software development costs incurred internally should be expensed as incurred until technological feasibility has been established. Once technological feasibility has been established, all software development costs should be capitalized until the product is available for general release to customers. Technological feasibility is defined as a completion of detail program design. Capitalization of software costs has been minor during the years ended June 30, 2003 and 2002 and the six months ended December 31, 2003. Amortization of capitalized software costs totalled $139,000 and $149,000 for the years ended June 30, 2003 and 2002, respectively, and $62,000 and $69,000 for the six month periods ended December 31, 2003 and 2002, respectively.

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Long-Lived Assets

Through FY 2002, we accounted for the impairment and disposition of intangible and long-lived assets in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets to be Disposed Of. In accordance with SFAS No. 121, intangible and long-lived assets to be held were reviewed by management for events or changes in circumstances which indicate that their carrying value may not be recoverable. An asset was deemed impaired if the sum of the expected future cash flows was less than the carrying amount of the asset. As of June 30, 2002, no such impairment was identified by management.

During FY 2003, we adopted SFAS No. 144, Accounting for the Impairment of Disposal of Long-Lived Assets, which addresses significant issues relating to the implementation of SFAS No. 121 and develops a single accounting model, based on the framework established in SFAS No. 121 for long-lived assets to be disposed of by sale, whether such assets are or are not deemed to be a business. SFAS No. 144 also modifies the accounting and disclosure rules for discontinued operations. Implementation of such standard has not had a material effect on the accompanying consolidated financial statements. As of December 31, 2003, no such indicators of impairment were identified by management.

Stock-Based Compensation

From time to time, we provide compensation in the form of shares of our common stock as well as options or warrants to acquire shares of our common stock.

We derive the value of rights to acquire our common stock granted to non-employees, such as options or warrants, from pricing models that consider current market and contractual prices for our stock, as well as time value and yield curve or volatility factors. Pricing models and their underlying assumptions impact the amount and timing of unrealized gains and losses we recognize, and use of different pricing models or assumptions could produce different financial results.

Options granted to employees are valued using the intrinsic value method which bases compensation on the difference between the market value of the underlying shares of common stock and the exercise price at the date of grant.

Income Taxes

We utilize the liability method of accounting for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Deferred income taxes are recognized based on the differences between financial statement and income tax bases of assets and liabilities using the enacted statutory rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes

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represents the tax payable for the period and the change during the period in deferred tax assets and liabilities.

Results of Operations for the Year Ended June 30, 2003 as Compared to the Year Ended June 30, 2002

Revenues

Year Ended June 30,
(In thousands)

	2003	% Of Revenue	2002	% Of Revenue
Centergistic Solutions (U.S.)	$2,877	66.8%	$2,967	72.0%
Mexico and Latin America	$1,243	28.8%	$1,100	26.7%
Lynch Young & Associates	$ 188	4.4%	$ 56	1.3%
Total	$4,308	100.0%	$4,123	100.0%

Centergistic Solutions is the U.S. based company selling products and services to the call/contact center marketplace. Mexico and Latin America represents revenue generated by Centergistic Solutions Latina America S. R. L. de C.V., our wholly owned Mexican limited liability company subsidiary, sold to Mexican, Latin and South American companies. Lynch Young & Associates, our wholly owned subsidiary, represents our consulting and professional services revenues.

Company revenues increased 5% ($185,000) in FY 2003 compared to FY 2002. Centergistic U.S. based revenues declined 3% ($90,000), but Mexican revenues increased 13% ($143,000) and Lynch Young revenues increased 236% ($132,000) from FY 2002. Although there continues to be an economic slowdown and decreased corporate spending on information technology, we believe that demand in the business intelligence market has remained relatively flat. We believe that our revenues declined due to our distributors continued weakness in the telecom sector.

U.S. revenues arise from sales of AgentView and related hardware to distributors, AgentView and CenterStats to end users, installation and training services, and support products. Revenues from distributors declined $178,000 or 8% from FY 2002. This decrease was attributable to the continued softness in the telecom and related periphery market space. We expect this trend to continue through our next fiscal year, with some possible recovery by mid-calendar year 2004.

AgentView sales to end users increased by $19,000 or 5% from FY2002. CenterStats sales to end users increased by $20,000 or 67% from FY2002. This increase was primarily due to our continued roll out of CenterStats. We expect this trend to continue for the foreseeable future.

Installation and training revenues increased $37,000 or 71% from FY 2002. This increase was attributable to the increase in CenterStats sales, which carry a larger

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installation fee. Product support fees increased by $14,000 or 4% from FY 2002. This increase was due to larger support fees generated by the higher price of CenterStats. We expect this trend to continue as more CenterStats products are sold.

Revenues from our Mexican subsidiary in FY 2003 increased 13% or $143,000 as compared to FY 2002. The increase is attributable to increased activity from our distributors in Mexico. We were able to add voice mail products to our distribution portfolio this last fiscal year accounting for a majority of the increase. We expect sales of the voice mail products ($150,000 in FY 2003) to continue to be a significant part of our Mexican subsidiary sales. We expect this sales volume to climb to $200,000 in FY 2004 and grow for the foreseeable future.

Consulting revenues through Lynch Young increased nearly 236% or $132,000 from 2002 due to a $350,000 consulting contract with the Los Angeles Department of Water and Power. The contract will extend through FY 2004. Lynch Young & Company recorded $175,000 in revenues during FY 2003 from the Department of Water and Power contract.

Cost of Revenues

Cost of revenues includes specific hardware and third party software costs along with the labor and associated costs of consulting, installation, training, and support. Cost of revenues improved to $1,560,000 or 36% of revenue in FY 2003 as compared to $1,762,000 or 43% in FY 2002. The improvement in cost of revenues resulted from lower distribution sales, company cost cutting measures, and improved product mix of higher value product items. The lower mix of distribution sales, which carry a higher cost component, helped improve the gross profit percentage. As referenced in the Revenue discussion above, sales to distributors declined by 8% or $178,000. These sales produce lower individual prices, and lower margins, and therefore reductions in these sales will decrease cost percentages and increase margin percentages. Additionally, we reduced cost of revenues, including reduced headcount of two persons accounting for almost $100,000 in savings, lower travel and implementation expenses, and reduced reliance on third-party consultants. Hardware costs decreased $347,000 and consulting expenses related to the Lynch Young & Company Department of Water & Power contract increased by $107,000. Wage and related expenses decreased by $90,000. This was necessary because of our cash position and our attempt to try and reach a break-even cash operating level. The cost cutting measures were necessary because we tried to reach an operational cash flow expense break-even budget due to our desire to put any available cash into sales and marketing while balancing our attempt to reach profitability on the profit and loss statement to satisfy potential investors.

Gross profit percentage improved to 64% in FY 2003 as compared to 57% in FY 2002. We anticipate this trend to continue as the sales of our CenterStats product

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continue to grow. This product carries a higher software component, thereby creating higher gross profit as compared to hardware or distribution sales. CenterStats typically carries a 90% gross margin on a relatively high average price of $50,000 to $75,000. AgentView typically carries a 75% margin on an average price of $30,000. Hardware sales typically carry a 30% gross margin, and distribution sales typically carry a combined (bundled hardware and software) 50% margin.

Operating Expenses

Sales and Marketing

Sales and marketing expenses fell to $859,000 or 20% of revenue in FY 2003 as compared to $1,090,000 or 26% of revenue in FY 2002. The reduction in expense was created by reductions in three sales staff and management positions resulting in almost $200,000 of savings, reduced advertising expense, and lower travel and promotion expense with the reduced staff. Salaries and commissions decreased by $160,000, trade show expenses were reduced by $30,000, travel costs fell by $20,000, and use of outside consultants decreased by $10,000. Our strategy will continue to slowly fund our sales and marketing programs by investing any cash generated by operations. Absent any outside funding, we will continue this process for the foreseeable future. However, we are planning to raise additional capital commencing 60-90 days after the date of this prospectus, and if successful, as to which there is no assurance, we will use the funds to hire sales and marketing professionals, development staff, and implement marketing programs for CenterStats. We plan to hire up to 10 sales professionals and up to 10 developers. If we are not successful in raising the capital, we will reduce our planned hires to the level that can be sustained from our existing operational cash flow.

Research and Development

Research and development expenses decreased to $404,000 or 9% of revenue in FY 2003 as compared to $533,000 or 13% of revenue in FY 2002. The decrease was attributable to reduced head count in development as well as the associated employee computer related costs. We opened a development center in India during the last quarter of FY 2003 with current staffing of three. We expect to add development staff in India throughout our next fiscal year.

We plan to increase the staffing level to ten upon a successful raise of additional capital. Primarily, these developers will develop interfaces to enable our products to work with best of breed call/contact center applications. The India development center currently costs approximately $5,000 to $6,000 per month to maintain.

General and Administrative

General and administrative expenses consist of all employee related benefit costs, occupancy costs, company insurance costs, professional fees, network and telecommunication costs, and depreciation and amortization expenses. General and administrative costs were $1,694,000 or 39% of revenues in FY 2003 as compared to $1,891,000 or 46% in FY 2002.

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Employee related benefit costs fell as head count was reduced. We cut back on space at our headquarters reducing occupancy costs by over $4,000 per month. Lower head count also reduced network and telecommunication costs.

We anticipate general and administrative costs to increase as we add staff. When we obtain public reporting company status, our professional fees in upcoming fiscal years are expected to greatly increase. We anticipate general and administrative costs to increase by $100,000 to $150,000 per year due to increased professional fees, director and officer liability insurance, and increased employee benefit costs.

Other (Expense) Income

The loss in this classification for FY 2003 was attributable to the sale of land and a building and the loss on sale of securities. The sale of the land and building and sale of securities produced cash, which was then used in operations during the year. Most of the realized loss on securities was originally recorded in the previous fiscal year as a component of comprehensive income, which was reclassified to our FY 2003 consolidated statement of operations and comprehensive income (loss) upon realization of the loss. Investment income decreased in the current year because of market conditions and the lower level of securities. Interest expense decreased as the debt level was decreased throughout the fiscal year.

Net (Loss) Income

Net loss improved to ($243,000) as compared to ($1,161,000) in FY 2002, a $ 918,000 or 79% improvement.

We anticipated generating an operating loss given that we planned to invest any excess cash flow back into operations through increased sales and marketing and development expenditures.

Results of Operations for the Six Months Ended December 31, 2003 as Compared to the Six Months Ended December 31, 2002

We believe there is some improvement in the economy in general and corporate infrastructure technology spending in specific. We saw some order growth for our AgentView and CenterStats products this past six months, and expect this trend to continue as long as corporate infrastructure technology spending remains consistent. Our biggest risks continue to be revenue growth, and the capital raise necessary to implement our sales and marketing strategy.

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Revenues

	Six Month Period Ended December 31, (In thousands)			
	2003	%	2002	%
Centergistic (U.S.)	$1,487	70.3	$1,374	68.4
Mexico and Latin America	$533	25.2	$539	26.8
Lynch Young & Company	$94	4.5	$96	4.8
Total	$2,114	100.0	$2,009	100.0

Total net revenues increased by $105,000 or 5% for the six month period ended December 31, 2003 (PE 2003) as compared to the six month period ended December 31, 2002 (PE 2002). Revenues form U.S. based operations increased by $113,000 or 8% from the PE 2002. Revenues from Mexico and Latin America and Lynch Young & Company remained flat as compared to the prior period.

In the U.S. based operations, direct sales of AgentView increased $207,000 or 76% compared to PE 2002. The increase is due to several large customer purchases during the past six months. We are starting to see sales activity from customers requiring multiple data sources and a high number of agents. This helps our revenue as one of our AgentView products is priced on a per agent basis. We also charge additional amounts for multiple data sources. As corporate infrastructure technology spending is increasing, we expect our increasing revenue trend to continue also.

CenterStats sales increased by $70,000 or 100% compared to PE2002. The increase is due to our continuing emphasis on introducing CenterStats into the marketplace and obtaining customer awareness and acceptance.

Distribution revenue in the U.S. dropped by $193,000 or 21% from PE 2002. Revenue from two of our distributors, Rockwell and BellSouth decreased by $150,000 from PE 2002. Revenues from these distributors fell because of reorganization and turnover in their respective companies, and us having to re-educate the product management and sales organizations about our products and services. We expect business from Rockwell to increase during the next six months, but to see continued weakness at BellSouth due to significant turnover in the sales department and the sale of the Computer Telephony Group of Method IQ. Our products are sold in this Computer Telephony Group.

Installation and training revenues increased by $24,000 or 65% from PE 2002 due to the increased sales of AgentView and CenterStats. We also instituted a price increase for these installations during the past year. The price increase accounted for $6,000 of the increase, and the remainder was a volume related increase.

Mexico and Latin America revenues remained basically flat as compared to PE 2002. The Mexican economy remains relatively sluggish and according to the American Business Chamber of Commerce in Mexico, this trend will continue through the remainder of our fiscal year. The Chamber projects that the Mexican economy will begin to improve in the July-September 2004 time frame. We expect to see our revenues remain flat through the remainder of our fiscal year, with an improving trend as the economy improves.

Lynch Young revenues remained basically flat as well. Lynch Young & Company recognized $53,000 in revenue from the Department of Water and Power contract for the three months ended September 30, 2003 and $94,000 through the three months ended December 31, 2003. We expect to recognize $175,000 from this contract during FY 2004. The revenues from both period ends were derived from the Department of Water and Power contract. We expect completion of that contract by the conclusion of our fiscal year. We expect to recognize

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$175,000 in revenue this fiscal year on the Department of Water and Power contract. After the completion of the contract, we do not foresee a need to operate Lynch Young as an independent consulting company any longer, and will combine its operations with Centergistic Solutions U.S. based operations. This will cause an impairment of the remaining amount of goodwill in our balance sheet of $23,600 associated with Lynch Young and such amount will be written off at the conclusion of our fiscal year ending June 30, 2004 as the contract concludes. We expect to see a decline in the Lynch Young revenues next fiscal year, but this decline should be partially offset by consulting revenues produced under the Centergistic Solutions U.S. based operations.

Cost of Revenues

Cost of revenues increased to $750,000 or 35% of revenues as compared to $615,000 or 31% of revenues in PE 2002. Costs associated with hardware and third party products sales increased by nearly $100,000 and consulting expenses related to the Lynch Young contract with Department of Water and Power increased $15,000. As a greater portion of our revenue over this past six months ended December 31, 2003 was derived from hardware sales, our costs related to hardware sales increased accordingly. We are at risk of hardware and third party vendors passing on price increases that will affect our profitability.

Operating Expenses

Sales and Marketing

Sales and marketing expenses decreased $26,000 or almost 6% as compared to PE 2002. We spent less on advertising ($18,000), and travel ($10,000) this period end. We tried to find more economical methods to advertise this year instead of trade publications as we did last year. We also tried to control travel expenses by encouraging our salespeople to travel when necessary and combine visits to several prospective customers on one trip. We face the risk of not having the necessary capital ($1,000,000) to fully implement our sales and marketing strategy next fiscal year. If we do not receive the capital, we will scale back our implementation of the sales and marketing strategy, and this will affect our revenue and profitability of our future fiscal periods.

Our strategy will continue to slowly fund our sales and marketing programs by investing any cash generated by operations. Absent any outside funding, we will continue this process for the foreseeable future. However, we are planning to raise capital through the financing contemplated to begin 60-90 days after the date of this prospectus, and will use the funds to hire sales and marketing professionals, development staff, and implement marketing programs for CenterStats. We plan to hire up to 10 sales professionals and up to 10 developers. If we are not successful in raising the capital, we will reduce our planned hires to the level that can be sustained from our existing operational cash flow.

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General and Administrative

General and administrative expenses decreased by $40,000 or 5% as compared to PE 2002. The majority of the decrease ($30,000) was due to overcharging from our carrier of telephone expenses in the prior period, which was reversed during the current period. We also saw reduced telephone charges due to a re-negotiation of our contract that produced lower long distance rates. In total, our telephone expenses fell by $40,000 as compared to the prior period. We do not expect to see that significant drop continue in future periods.

We also saw a decrease in the expenses associated with operating our building ($12,000) that was sold in February 2003. We did not incur any costs associated with the building in this current fiscal year.

Offsetting these decreases is an approximate $20,000 or 68% increase in our allowance for doubtful accounts for PE 2003.

We anticipate general and administrative expenses to increase as we add staff. When we obtain public reporting company status, our professional fees in upcoming fiscal years are expected to greatly increase. We anticipate general and administrative costs to increase by $100,000 to $150,000 per year due to increased professional fees, director and officer liability insurance, and increased employee benefit costs.

Research and Development

Research and development expenses increased by $20,000 or 10% over the same period as last year primarily due to opening our development center in India in May 2003. The costs for running this office averaged $4,000 a month for the PE 2003 as we ramped up to a staff of five. We expect the monthly cost to grow to approximately $7,000 to $8,000 per month by the end of our fiscal year in June 2004.

We plan to increase the staffing level to ten upon a successful raise of additional capital. Primarily, these developers will develop interfaces to enable our products to work with best of breed call/contact center applications. The India development center currently costs approximately $5,000 to $6,000 per month to maintain.

Other (Expense) Income

The interest expense during PE 2003 was related to interest on the convertible debt ($10,000), amortization of the debt issuance costs and beneficial conversion feature ($29,000), and repricing of certain existing warrants ($83,000). This expense will decrease as the warrant repricing was a one-time occurrence, certain debt will be converted to common stock, and the debt issuance costs and beneficial conversion feature will be fully amortized by August 2004.

Net Income (Loss)

Net loss increased to $229,000 as compared to $150,000 in PE 2002, a $119,000 or 79% decline. The decline was primarily attributable to the increase in interest expense due to the repricing of the warrants, amortization of the debt issuance costs and beneficial conversion feature, and the increased expense from the officer loans and convertible debt.

We anticipated generating an operating loss given that we planned to invest any excess cash flow back into operations through increased sales and marketing and development expenditures.

Our results for the current six months when compared to quarterly averages of the prior fiscal year appear to have declined. However, when comparing PE 2003 to PE 2002, revenues have increased and the operating loss has narrowed. Additionally, there is certain seasonality to our business pattern as the first calendar quarter of our fiscal year (ending September 30) historically is slow due to summer months and vacations of our customers. The second quarter (ending December 31) is also somewhat slow due to the number of holidays in this period. This is somewhat offset by the need of certain customers to spend money in their budget by the end of the calendar year. Our last two quarters of the fiscal year tend to have increased revenue volumes over the first two quarters.

Liquidity and Capital Resources

Prior to FY 2003, we were primarily financed through cash flow from operations, sale of company assets, and to a lesser extent, limited bank financing. During FY 2003, we received approximately $25,000 in loans from officers and gross proceeds of $490,000 through a private offering of convertible subordinated debt. We intend to use the proceeds from the convertible debt to primarily fund the legal, accounting, and promotion fees associated with our attempted capital raise, and to earmark $100,000 to fund sales and marketing programs.

Net cash used in operating activities was $216,000 and $537,000 in FY 2003 and 2002, respectively. The net cash used for operations in FY 2003 was comprised primarily of depreciation and amortization of $224,000, realized loss on the sale of securities of $44,000, a loss on the sale of land and building of $32,000 and a net decrease in assets and liabilities of $275,000.

Net cash from investing activities generated $333,000 in FY 2003 as compared to a use of $311,000 in FY 2002. The cash generated in FY 2003 was due to the sale of the land and building and securities offset by purchases of fixed assets. The cash used in FY 2002 was primarily due to purchases of securities held for sale.

Net cash flows from financing activities used $188,000 in FY 2003 as compared to generating $226,000 in FY 2002. We paid down $320,000 in debt during FY 2003 and this was partially offset by redemption of a certificate of deposit of $172,000. During FY 2002, we borrowed $385,000 in short-term debt and this was offset by debt reduction of $95,000 and repurchase of company stock of $50,000 as required by the Centergistic Employee Stock Ownership Plan (ESOP). We maintain the ESOP for our employees as a qualified retirement plan under ERISA. Once an employee reaches retirement age, dies or becomes permanently disabled, he or she has a right to put his or her vested stock to us. The most recent independent appraisal is used to set the purchase price. We have

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not made any contributions to the ESOP for the years ended June 30, 2003 and 2002 or the six-month period ending December 31, 2003.

We had working capital of $662,000 and $632,000 at June 30, 2003 and 2002, respectively.

In December 2002, we received two loans from our officers and directors, Ricardo Brutocao and David Cunningham. The total of these two loans are $24,975. The loans are payable on demand and bear interest at 6%. As of December 31, 2003, the balance of these loans is $24,975.

In July 2003, we agreed to purchase 148,328 shares of our common stock from Al Wild, a former employee, for $44,220 and issued our secured promissory note payable to Mr. Wild in such amount. Our note bears interest at the rate of 5% per annum, and monthly payments of principal and interest in the amount of $2,700 are due and payable on the note commencing September 30, 2003. As each monthly payment is made on our note, we may cancel and retire 8,728 of the shares. Mr. Wild may cancel our note at any time and elect to receive the remainder of the shares we purchased from him that have not been cancelled and retired by us in accordance with our agreement. Payment of our note to Mr. Wild is secured by all of our assets.

In September 2003, we were successful in raising gross proceeds of $490,000 from the sale of convertible promissory notes. Of this total loan amount, $10,000 was loaned by David Cunningham, an officer and director of Centergistic, and $10,000 was loaned by MKB Associates, Inc., an affiliate of Ricardo Brutocao, an officer and director of Centergistic. These proceeds will be used for increased sales and marketing activities and to pay the fees and costs associated with the selling stockholder offering described in this prospectus.

As of December 31, 2003, including the results of operations for the six months then ended and the raising of gross proceeds of $490,000 in debt financing, our working capital decreased to $422,000. We believe that we will be able to convert this working capital into the cash necessary to continue operations for the balance of FY 2004.

We intend to raise up to an additional $3,000,000 in a private offering after the date of this prospectus. We intend to begin the capital raise approximately 60-90 days after the effective date of this registration statement. If this raise is successful, as to which there is no assurance, we intend to use the proceeds to add sales management and staff, conduct a marketing launch of CenterStats, form strategic partnerships with consulting organizations such as Accenture, EDS, IBM Global Services and Perot Systems, and heavily advertise and promote our products and services during our next two fiscal years. As of the date of this prospectus, we have not entered into any agreement or had any material discussions with any such consulting organizations regarding the formation of a strategic partnership.

We face the risk that we will not be able to raise the necessary capital to fully fund our sales and marketing plan. If we are not successful on our $3,000,000 capital raise, we will have to scale back our plans. This will impact our future revenue growth and profitability.

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If the capital raise is not successful, we will reduce our planned hires to the level that can be sustained from our existing operational cash flow. We will also scale back our product launch and marketing of CenterStats to the level that they will be funded by operational cash flow.

We have entered into consulting agreements with Hanover Capital and The Bosphorous Group. These consultants were hired to act as financial advisors. The Hanover Capital agreement runs from July 1, 2003 through June 30, 2004. In addition to a $5,000 monthly payment, the agreement calls for issuance of up to 350,000 shares of company stock for achieving certain milestones. The Bosphorous Group agreement calls for monthly compensation of $1,000, payment of monthly medical benefits, and payment of success fee upon completion of certain financing transactions. The term of the agreement is from October 1, 2003 through June 30, 2004.

We currently have not entered into any agreements nor are we currently in discussions with any potential merger or acquisition candidate. However, we intend to pursue an acquisition strategy upon successful completion of a capital raise and the listing of our stock on the OTC Bulletin Board. As we believe our current market space has a number of relatively small companies, our strategy will be to acquire market share, customer base, and technology by acquiring these companies. We also believe that acquiring certain key distributors, thereby securing our sales channels, makes sound business sense. We may possibly seek to acquire one or more distributors in the future.

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BUSINESS

Overview

Centergistic develops, installs and services performance business performance and intelligence management software used in customer call/contact centers. We are a California corporation initially organized in 1972 as Account-A-Call Corporation. We initially developed proprietary software and hardware which facilitated the collection and processing of data from multiple telephone switches (PBX s). PBX stands for Private Brand Exchange and the term is used generally to describe equipment and technology used by companies to make and take phone calls. Our software used the data from these PBX s to track and manage telephone calling patterns. This process and associated software is referred to as call accounting . From this technology and the expertise developed to support it, a strong core competency of data collection, integration and analysis evolved. In 1991, we introduced our flagship AgentView product which is currently installed in approximately 3,500 locations around the world. Contact center performance management software monitors customer communications, transactions and service performance, creating a set of metrics which are used to measure and improve performance. The call accounting business entailed large scale computer centers from which data was collected nightly from various client PBX s located throughout the country. By collecting, processing and analyzing the data collected, we were able to produce reports which analyzed, tracked the routing and priced every outbound telephone call made by our client companies. The business was operated essentially as a subscription, service bureau-based business.

By 1999, we were operating and supporting two divergent businesses; call accounting, whose revenues had been slowly eroding for years, and contact center performance management systems, whose markets and applications were increasingly in demand. After choosing to focus all of our attention on the growing contact center market, we sold our call accounting business and used the proceeds to expand our flagship AgentView product and develop our new CenterStats product. To emphasize our new focus, we changed our name to Centergistic Solutions, Inc.

In 2001, we completed the development of our new CenterStats product, and began selling and installing it at client facilities in 2002. Our AgentView and CenterStats products help companies improve productivity by providing an integrated, unified view of critical information. This information is provided in the form of real time smart alerts and sophisticated reporting tools.

We market and sell our products in Mexico and Latin America through our wholly owned Mexican subsidiary, Centergistic Solutions Latina America S. de R.L. de C.V., a limited liability partnership formed in Mexico City, Mexico in May, 2000. We provide consulting services relating to contact call systems and offer ongoing training through our wholly owned subsidiary, Lynch Young Inc., a California corporation organized in October 1980.

The Market

Our products are targeted at the growing number and increasing complexity of customer contact centers, addressing management s need to integrate performance data generated by operations, reporting and CRM (Customer Relationship Management) systems.

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According to Gartner Reasearch (2002 report) over 92% of all transactions between businesses and with the public interact with a call/contact center. These interactions take place by telephone, email, web, web chat, and fax. They are used for making reservations, ordering, fulfillment, customer support, order tracking, comparison-shopping and product search. Based upon research and reported call flow estimates from customers, we estimate the new multi-media enabled call/contact centers handle an average of 10 million transactions per day and are growing, both in number and in complexity, with the new mix of choices available to customers. Multi-media enabled call/contact centers enable customer transactions using multiple media in addition to the land-line telephone, such as the mobile, email, text-messaging, web (Internet), Internet chat, Fax and IVR (Integrated Voice Response).

There are an estimated 78,000 contact centers in the U.S. (Data Monitor 2001) and more than 100,000 worldwide (Frost & Sullivan 2000). Based on a combination of published reports and forecasts, we estimate these numbers are projected to grow to 92,000 and 130,000, respectively by the end of 2004. A 2002 research study from Ovum predicts that contact center capacity worldwide will nearly double within five years, growing from 7.3 million seats in 2001 to over 13 million early in 2006. A seat refers to a workstation position in a contact center and, typically, an agent represents a workstation seat. Seats in multi-media contact centers will also increase as a percentage of total contact center seats, from 18% in 2001 to 51% in 2006, representing growth from 1.3 million multi-media contact center seats to 6.8 million. Moreover, many of the existing contact centers will need system upgrades and enhancements.

The traditional contact centers are becoming multi-media contact centers, which, in addition to handling traditional inbound and outbound phone calls, must respond to e-mail, faxes, internet-telephony, and, sometimes, surface mail. The Internet allows customers to communicate with a company twenty-four by seven, and receive an immediate notice of receipt with a detailed follow up, usually within 24 hours. The increase in volume of written communication (e-mail, fax, mail) allows management to even out workloads over peak calling periods. This allows for different staffing levels than those needed to maintain a call only center. The evolving multi-media contact center can become more efficient and less costly to staff when properly upgraded to multi-media capabilities.

The job of managing the customer relationship has, in turn, become more complex. More options for customers create more queues and require different skill sets to handle efficiently. More information about customer demographics and transaction profiles has compelled management to try to identify and tailor service levels to the type of customer. Performance information must be available in real time and must be combined and sorted in a way that empowers agents and their managers to take appropriate actions and make the right decisions.

The systems currently used in the contact centers are of many types, varying from homegrown legacy systems to single-vendor systems. Single vendor systems are those systems branded and sold by a single manufacturer. Legacy systems are older software and hardware systems that may also have been modified/changed over a period of time to suit the business needs. These systems are often considered mission critical in terms of the abundance and importance of the data held within them. Many companies have at least a few of these systems and are reluctant to make any infrastructure changes that might impact their performance in any way. Few of these systems are Internet-enabled and, therefore, will need to be upgraded to perform as efficient multi-media contact centers.

Several industries have emerged and grown in response to these needs and changing environments. These industries represent software, technology and services. Three industry segments, in particular, contain products and services that fall within Centergistic s target market. These segments are: Customer Relationship Management (CRM), Business Intelligence (BI) and, to a more limited extent, a third information technology category referred to as AIM (Application Integration and Middleware). CRM (customer relationship management) is an information industry term for methodologies, software, and often Internet capabilities that help an enterprise manage customer relationships in an organized way. These components include sales automation software, web-based self-service software and workforce management software, as well as performance management and analytics. BI is an industry comprised of applications and technologies for gathering, storing, analyzing, and providing access to data to help enterprise users make better business decisions. BI applications include the activities of decision support systems, query and reporting, online analytical processing (OLAP), statistical analysis, forecasting, and data mining. AIM is a set of technology, processes and software that work together to integrate data from disparate sources, to provide more seamless information communications.

The markets for our products are large and growing. A 2002 Forrester Research report predicts the global CRM sector will increase 11 percent per year over the next five years. Revenues will grow from the current $42.8 billion to $73.8 billion during that timeframe, the firm contends. According to a 2003 article in Data Monitor, the global market for BI applications is currently $4.5 billion and will grow to $7.8 billion by 2005.

Gartner/Dataquest issued a research brief, Application Integration, Middleware, and Portal Markets Set for Strong Growth, in late June, 2002, predicting expansion of the global AIM and portal markets from $5.1 billion in 2001 to $10.5 billion by 2006. In 2002 alone, this market was forecasted to grow almost 17 percent to reach $6 billion. In a slow economy, expenditures on CRM software appear to be one area that is prospering, because it produces cost reductions quickly.

Our software, using sophisticated algorithms, allows call/contact centers to improve performance and thereby customer satisfaction by providing the best possible service, while maintaining the most economical use of resources and overhead. The value behind what we term The

Centergistic Solution is the real time availability of performance metrics derived by selecting sub-sets of data from critical sources throughout the contact center. These sub-sets are then combined to form a new superset of smart performance metrics. Alert thresholds and user-defined filters are applied to create a unique information set, profiled to each viewer. The resulting benefit of this information is faster and more accurate anticipation of clients needs, more rapid response to service and/or revenue goals and across-the-board performance improvement through integrated real time and historical reports and analytics.

Our recently released CenterStats product is a new enterprise-wide performance reporting system which is currently installed in eleven contact centers in the U.S. CenterStats presents critical information in the form of a desktop digital executive dashboard . The dashboard is comprised of a screen which enables the user to create layouts of information that reside beside each other, much in the manner of a car dashboard, using a combination of gauges and color-coded indicators with spreadsheet-like summary reports. The user can furthermore click the mouse over a summary report and drill down into more detail, the metrics comprising the summary. The CenterStats dashboard combines real time information alongside historical reporting for true company-wide visibility and performance analysis.

Our Business Strategy and Marketing

Recognizing the significant potential for both AgentView and CenterStats, over the past two years we strengthened our balance sheet to focus on the two management information software product lines. We sold assets, reduced our debt, and self-funded the development of CenterStats. We also reduced our marketing and our sales force to bare maintenance levels during this refocusing. The reduced levels of staffing in our sales force and marketing staff have severely impacted our ability to generate revenue from our CenterStats product. As we only have one staff member in marketing, we cannot effectively create, implement, or monitor market and brand awareness programs for CenterStats. With a direct sales staff of three, we cannot generate enough sales activity with CenterStats nor can we attempt to forge partnerships with consulting organizations such as Accenture, EDS, IBM Global Services and Perot Systems without losing focus on our existing customers.

We believe that our penetration of the EU contact center market through our established presence within the BT contact center community, will help facilitate the implementation of our strategic marketing and sales plan. Our flagship AgentView product is well received within British Telecom and, as they report to us, throughout their thousands of installations throughout the U.K. and Europe. We believe that our solid reputation within the British Telecom organization will enable us to explore, through BT and through our premier distributor, Dacon, a more aggressive penetration of the U.K. and European contact center market. We have recently added an experienced sales channel representative located in England to pursue additional opportunities

Our marketing plan allows for added marketing and product management personnel and programs to enable us to extend our reach beyond current call/contact center applications, broaden the sphere of influence of existing programs throughout the enterprise and add new applications directed to a more sophisticated buyer with higher purchase authority and more influence throughout the enterprise. We have in place a major accounts roadmap that calls for a multi-tiered marketing and sales approach. By this we mean to step up our marketing to existing national accounts, identifying high-level key decision makers throughout the corporation. The plan is to exponentially increase the number of communications we currently have with those high-level decision makers, creating a groundswell of brand identity and awareness. This takes resources and a targeted approach. By having a larger team, we will be able to dedicate more individuals to the research, sales and marketing effort needed to leverage these accounts into multi-million dollar installations.

Our Products and Services

AgentView

Our flagship product, AgentView, is currently installed in over 3,500 contact centers throughout the world. Its strength is its ability to collect from diverse ACD (automatic call distributors) types and other applications, systems and databases found in today s contact centers. The AgentView system utilizes sophisticated threshold filters, providing managers, supervisors and agents with evolving real time information on all aspects of the contact center. The system is used to measure and take actions to improve performance.

AgentView is unique in its ability to collect critical subsets of data from virtually any data source, create filters and real time alert thresholds, and publish the enriched information to virtually any output media for twenty-four by seven global access. Because of this open approach to information, AgentView stands apart from hardware manufacturers and one stop application vendors in that it is not centric to a particular system or application. This is attractive to contact centers with applications that span a variety of brands and manufacturers. These centers do no want to replace existing legacy systems. They want to collect and integrate information from those already existing systems within the center because they work and are costly to re-create.

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Architecturally, AgentView is comprised of a core system, which includes a data collection engine, a desktop metric ribbon (AgentLink), an advanced threshold template and a performance indicator (PI) building capacity. Modules can be added to AgentView to enable information to be published to a web page, wireless hand held device, plasma or LED (light emitting diode) display. A recently released module, SnapView, provides snapshot reports that allow the comparison of actual performance against forecasts or benchmark goals. Additional data sources can be added to provide greater performance visibility over multi-media transactions. Additional contact center locations can also be added for centralized performance reporting. We also offer professional services to provide training and assistance with building smart metrics. These metrics consist of the combination of two or more data elements to form a more refined metric. An example of this could be combining information from a financial or sales database with an ACD metric to form a $$ waiting to be answered as opposed to the more static metric of Number of calls waiting to be answered .

AgentView features an open architecture, enabling it to work with many types of LED wallboard displays. The open architecture Layout Text Markup Language (LTML) allows third party system integrators and developers to interface their application to LED displays using SGML (Standard Generalized Markup Language) formats. Each LED board vendor uses a proprietary byte protocol to communicate with the display. The communication consists of sending display and control information and receiving status information from the displays. LTML unifies the communication by standardizing the format of the communication. Third-party systems integrators and developers write board-independent LTML documents that are delivered to AgentView. AgentView then interprets those LTML documents and converts to LED display understandable vendor-specific protocols. We intend to apply for a patent on our LTML technology.

AgentView includes the following significant features:

Open architecture and collections technology to accommodate multiple locations and multiple data sources without adverse impact on the network.

ODBC data collector (OmniCollector) to collect and combine data from disparate data sources.

System reliability for virtually flawless performance.

Cross-brand collection aggregation, alerting and reporting technology, not centric to any hardware or ACD manufacturer.

Targeted and profiled real time alerts, which provides multiple levels of alarm conditions.

Combine metrics across disparate sources for unified viewing.

The AgentView products are available in English, Spanish and Portuguese with provisions for additional translations as more international distribution is achieved.

In FY 2002, we introduced a portion of our newly developed CenterStats technology into our AgentView product and packaged it as AgentView EPM (in the U.S.) and AgentView Professional (in the U.K.). The expanded performance capability resides fully on the CenterStats platform and allows access to incrementally more data sources and provides broader publishing capabilities. The more flexible CenterStats architecture enables the system to collect, not only from the real time port of the ACD, but also from the historical port. That enables it to publish not only transient, instant information, but to collect and accumulate data in a database, which can be queried and ported to other applications. The ability of the software to collect this information from any open data base connectivity database or system, creates a much richer information set that can reach beyond the contact center to collect and combine data from other systems that might reside throughout the organization. Furthermore, the information assembled by the EPM may be of greater interest to key personnel outside the contact center. It can be published to those individuals via a variety of methods, including browser-access to a corporate intranet. EPM provides a new sales opportunity for distributors to revisit existing clients and may lead to future sales of fully loaded versions of CenterStats.

We offer our AgentView products with a variety of annual support arrangements that are a source of recurring revenue for us. We have two programs, the Standard Performance Plan and the Premier Performance Plan. Typically, users pay 18% to 25% of the initial license fee for annual support charges, according to the plan purchased. The average AgentView EPM sale is $40,000 yielding an annual license fee of $7,200, based upon 18%. Other support arrangements consist of time and materials for programming or technical services that are not routine to AgentView trouble ticket resolution by our support engineers. Our trouble ticket system allows our customers to post an online trouble ticket for problems they encounter with our software, which can range from a simple operational help to complex system faults. These nonroutine services might include assisting in trouble-shooting an ACD-originating problem, or working with a third party vendor to resolve a hardware issue. These are all chargeable items.

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CenterStats

Our newly released CenterStats architecture is a powerful enterprise information system that combines critical real time alarms with historical information for a 360-degree view of an organization. The system allows the user to define key subsets of information from any data source to review on a regular basis.

Data sources could include:

Financial	Internet, e-commerce systems
Inventory	Supply chain, MIS
Sales	Human Resources
CRM	Any other open data source
Business Intelligence	

Categories listed above would include applications from such companies as Nortel, Avaya, SAP, Siebel, Cisco, Remedy, SalesLogix, PeopleSoft, Genesys and others. Each of these applications produces hundreds of reports and voluminous databases, often cumbersome and slow to respond. Senior managers, however, want to quickly access only certain key sets of information from each. CenterStats maps this selected information to the CenterStats database where it is combined with other key subsets from other sources, forming a new superset of combined information. Performance metrics can be displayed on a pre-determined schedule. This information then can be sent to the user s desktop in the form of a dashboard of real time and historical information. It also is retrievable from a wireless device or browser. CenterStats is best deployed as a management information tool for companies where information must be readily accessible and quickly interpreted.

CenterStats works without disruption to existing systems and hardware. This allows a company to retain legacy systems and applications. The ability to access strategic information globally, twenty four by seven is becoming more important to today s companies.

Core to CenterStats is the ability to collect data from multiple and diverse systems across the enterprise. The CenterStats technology enables companies to extract critical subsets of information from applications, databases and/or systems throughout the enterprise. CenterStats sits apart from the data sources and does not in any way alter or impair the backend system. A separate database, created from the collection subsets, allows the user to combine information from these disparate sources and create near real time alerts that are profiled to meet performance metric goals. Additionally, this same collected data is archived to create historical reports that are the product of a combined critical information set.

The information gathered together is presented to the user by way of a visualization engine that enables viewing of information together over any media. The information produced by CenterStats helps companies measure current performance and improvements to performance over a period of time.

The CenterStats engine is not limited to the type or volume of data it collects. CenterStats can compare and model the assembled information into real time metrics and reports, with the users selecting only the information they want. This enables employees at all levels to simultaneously understand and interpret performance measurement as it pertains to their particular business issues and goals.

The flexibility of the CenterStats architecture has enabled us to create an application developer tool kit based on our OmniCollector engine and DataStore storage and real time filtering/alerts technology. This tool kit could be used as a stand-alone utility by information technologists, developers, or systems integrators to collect, filter and publish virtually any data from any system and in any industry.

Our CenterStats architecture includes the following significant features:

Data collection architecture**:** The CenterStats engine has virtually no limit to the type or volume of data it collects. The strength of CenterStats is not only in what it collects but how it collects. Because it is not centric to a certain industry or market, there are no design limits on the type of data collected. It can therefore fit into virtually any industry.

Real time data collector/alarms**:** The CenterStats real time data collector is not only powerful, but unique in that it collects data in intervals as frequent as needed (or is available). Alarms data is taken directly from the source and is not impaired by having to move through duplicated databases. Real time information is constantly updated with each refresh cycle. Furthermore, users can set different types of data to refresh every second, others every hour, day, etc., since mission critical data may be needed more frequently than other types of information. Different individuals can receive different alarms.

Refined information databases**:** The database created on the CenterStats server is comprised of only information that is identified as being critical to the user. Unlike other systems, which replicate entire databases, CenterStats only brings together information that is already identified as being useful. This results in an intelligent database that allows faster throughput and more refined data mining. The database created by CenterStats is literally a new information set, whose access can be user defined and automated. The result is the right information, delivered to the right individual at the right time.

Expertise in telecommunications and ACDs**:** The CenterStats collectors are able to connect and extract data from the most popular ACD/Contact Center systems.

In addition to the broad functionality, CenterStats is designed to enable easy development and deployment of data collectors. The architecture consists of a source-independent standard component and source-dependent scripts or module. This reduces the cost of development of connectors for newer data-sources while enabling a standard deployable solution. Further, the development of out-of-the-box-connectors for industry standard platform allows us to reduce the time-to-install, increases flexibility and reliability.

We believe that this unique transparent sourcing capability will be increasingly valuable as corporate consolidations or acquisitions bring together more non-homogenous systems. We believe that CenterStats is the fastest, easiest and most cost effective solution to bring such diverse systems together as a unified management resource.

We spent $404,000 and $533,00 in research and development for all products for the years ended June 30, 2003 and 2002, respectively, and we spent $221,000 and $201,000, respectively in research and development for all products for the six-month periods ended December 31, 2003 and December 31, 2002.

Professional Services Group

We offer consulting services to complement our product offerings. Our Lynch Young, Inc. subsidiary, which we refer to as our Professional Services Group, provides contact center systems design, integration, and implementation as well as ongoing training. As the number of installations of CenterStats grows, we are identifying additional revenue generating opportunities for our Professional Services Group. These opportunities are in the areas of report writing, creation of performance metrics and some database integration work. Our sales team is introducing our Professional Services Group to clients from the beginning of the relationship, so that any additional assistance with installation and set up are easily moved over to Professional Services Group, where they can become additional billable items. We anticipate that these billable services will increase as our customers begin to expand the use of AgentView and CenterStats to collect additional data sources and add more locations.

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Marketing and sales

Marketing

We have sold our data management system products primarily through distributors of related automatic call distribution (ACD) systems and hardware. Since the sale of our Account-A-Call unit in September 1999, we have operated with a streamlined sales force of two people in the United States and five in Mexico. One of our two U.S. salespersons focuses on direct sales to end-users and the other is focused on relationships with distributors in the U.S. and abroad.

The five Mexico-based salespersons focus on both distributors and end-users throughout Mexico and South America, and also offer a small line of administrative software products that is not cost-effective for us to sell in the U.S. In March 2002, we added two people to our California-based sales staff in order to begin development of our direct sales force that will be necessary to support our strategic marketing plan. At present, the corporate marketing function and associated services are performed by a senior marketing manager.

We promote our products at general telecommunications, computer telephony, contact center, and Customer Relationship Management (CRM) shows throughout the U.S. and abroad. We have a print advertising campaign and a monthly direct mail Fresh Start program that reaches over 1,000 top prospects with each mailing. We also have an active web site, which describes our products and permits our distributors to order additional copies of the product or to expand an existing license by simply entering purchase requests. Distributors are automatically issued a key code to permit upgrades of licenses without the intervention of any personnel.

We espouse a customer-driven marketing philosophy. AgentView clients have been instrumental in effecting many of the enhancements to this product line over the years. We regularly visit our clients, and conduct focus group sessions to keep abreast of their changing environments and needs. As an example, the AgentView Web publishing capability was developed to meet real world needs of customers for twenty-four by seven internet access to metrics and reports. We believe this gives us a competitive advantage over other vendors sharing this market space.

Our customers regularly receive communications in the form of targeted direct mail programs, special electronic sales memos, monthly technical webinars and a monthly electronic newsletter, The RealTime Reporter.

Marketing Plan

To date, no advertising of any kind has been undertaken for our new CenterStats product. Our limited marketing department of one full time professional and a part time intern requires added resources to execute our strategic marketing plan. Our sales staff currently operates without a sales manager. The two person staff is fully involved in selling the AgentView product line and also attempting to transition some existing AgentView clients over to the more robust CenterStats platform. Clearly, substantial resources are required to build a direct sales force and rollout the CenterStats product.

The initial part of our strategic plan calls for assembling a direct sales team to focus on the U.S. market. The second part of the plan is to enhance our established distribution capability by replicating current relationships such as those we have with British Telcom, BellSouth and Rockwell with other major contact center providers such as Verizon, Siemens and SBC. To date, we have not entered into any distribution agreement with any of such other major contact center providers, and we cannot assure you that we will be able to do so in the future.

To execute the sales/distribution plan, we intend to initiate a professional search for a Senior Sales V.P. with prior experience in building a sales force and selling to high level corporate executives in Centergistic s Fortune 1000/FTSE 500 market space. This Vice President will be tasked with building selected geographic regions in the U.S. and staffing them. Each region will be comprised of a sales team including a senior salesperson/supervisor, two other sales people and one pre-sales engineer.

In the distribution segment of this plan, the newly hired Vice President of Sales will add resources with a distribution manager and a distribution account representative to be placed in each regional sales office, with an additional distribution account representative to be located in the U.K. A distribution pre sales engineer will also be hired to work directly with the distribution manager to focus on key major accounts. The plan also calls for the addition of two distribution sales representatives in our Mexican subsidiary to serve the growing markets in Brazil and Argentina.

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Heretofore, all marketing activities have revolved around the selling of the AgentView system into the contact center industry. The new marketing plan addresses the need to increase our sphere of influence in terms of reaching a new, more sophisticated buyer, building brand awareness, creating a strong value proposition and executing programs that will support a strong product launch of CenterStats. Additionally the plan allows for the packaging of the CenterStats architecture for distribution both in the U.S., in Latin America, through our Centergistic Solutions Latina America subsidiary, in Europe through Dacon and British Telecom, and in other emerging markets such as India.

The plan will involve the expansion of some existing programs such as print advertising, trade show participation and web-based promotion, along with the addition of new programs and promotions. Additional programs will be added in the areas of marketing research and public relations activities. These programs must be international in scope to ensure uniformity of the brand and value proposition, along with closed loop coordination of efforts.

Successful execution of this plan calls for the addition of two product specialists in fiscal 2004 who will focus exclusively on the CenterStats product line. These individuals will be responsible for product positioning and promotional programs. They will work closely with the VP of Sales to ensure all efforts are coordinated and maximized for hand off to sales and distribution channels. They will also be responsible for gathering customer research and working with development to make sure downstream enhancements and added interfaces are profitable to produce and supported by client demand.

We expect to implement our marketing plan over the next two years. We plan to spend $500,000 in marketing hires, programs, and activities next fiscal year, and another $800,000 the following year. We intend to raise $3,000,000 in a private placement offering, and we will use these proceeds to fund our marketing activities. If we are unsuccessful on our capital raise, we will reduce our marketing activities to the level that can be sustained from operating cash flow.

Sales

In the last three years, 75%-90% of AgentView sales have been made through a network of distributors who are major providers of telecommunications hardware, software, and support services. In approximately 80% of the installations, the AgentView system is delivered with the contact center hardware and software.

We have developed what we believe is a strong platform for international sales of our products, especially in Europe and Latin America. In Europe, we use our U.S.-based sales force to develop close ties with our distributors who have established a significant market presence for AgentView.

Our largest re-seller, Dacon, who sells to British Telecom (BT), located in the United Kingdom, accounts for over 2,000 existing AgentView installations. The AgentView system is represented as a line item on the BT ordering sheet. When a real time system is needed AgentView is the default choice for the BT representative to check in the box located on the order form which automatically includes the AgentView system in the bid process. We have already started the process of introducing CenterStats to the BT distribution channel. BT has recently started testing the CenterStats platform in the form of OmniCollectors at BT s Meridian Operations Center (MOC) Labs in Birmingham, U.K. Certification by Nortel Networks of compatibility of our product with Nortel data source platforms, a prerequisite to acceptance by BT, was obtained during the last week of January 2004. Once validated at the BT lab, a proposal will be made to the BT product managers to induct the product to the BT Energization team which is responsible for launching such products to BT customers.

The following table lists our largest distributors and the revenue generated from each over the past two fiscal years:

Distributor	FY2002	% of Revenue	FY2003	% of Revenue
British Telecom (Dacon)	$1,339,772	32.5	$1,319,481	30.6
Alcatel	329,852	8.0	230,288	5.3
Avaya de Mexico	208,306	5.1	217,374	5.1
Rockwell	86,841	2.1	196,566	4.7
Siemens de Mexico			155,928	3.6

Our contract with Dacon is for a term of three years commencing August 1, 2000 with provisions for automatic successive one year extensions thereafter unless written notice of intention not to renew is provided by either party not less than 90 days prior to the end of the term or any extended term. The Dacon contract was automatically renewed through August 1, 2004. Dacon is given volume and early payment discounts subject to meeting certain condition. In addition to our existing distributors, we plan to generate additional revenue through direct sales efforts. These efforts will include selling additional locations and subsidiaries as well as additional data sources of existing customers. We believe that successful implementation of this strategy will not only increase revenues but will also gain greater visibility of our products and provide a sort of critical mass that will facilitate transitioning to our new CenterStats enterprise-wide system.

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We plan to sell our new CenterStats product through three channels: approximately 40% through our direct sales staff (including Professional Services Group referrals) to end-users; approximately 40% through large systems integrators (e.g. EDS, Perot Systems, Unisys, IBM Global Services, Accenture) and about 20% through equipment distributors. As of the date of this prospectus, we have not entered into any agreement or had any discussions with any of the above-named or other large systems integrator.

According to a Frost & Sullivan study in 2000, the European contact center market is projected to grow to $10 billion by 2005. We believe that we are well positioned to share in such growth because of our relationship with Dacon and British Telecom, who is a major provider of telecom systems in Europe. In Latin America, we have relied on our wholly owned subsidiary in Mexico City to build distributor and end-user relationships. Latin American contact centers have been expanding with the growth in regional telecommunications capacity, and we believe that our Mexico-based sales staff is making good progress outside Mexico, in large markets like Brazil and Argentina.

We are currently actively pursuing other geographic areas of contact center growth, such as India. In September 2003, we opened an office in New Delhi, India, which currently serves as headquarters for three programmers. The plan is to add support and sales personnel to enable us to compete in the growing India contact center market, consisting in large part of outsourced service bureaus from large companies in the U.S. and Europe. We believe that, in addition to Europe and Latin America, the Indian market, as well as some emerging Asian contact center markets, have the potential to be an important source of long-term growth.

Competition

AgentView

AgentView, our primary software product for the past four years, currently is installed in over 3,500 contact centers worldwide. Competitors can be divided into the following categories:

ACD Low-End Embedded Software: The largest number of these software products can be found embedded as a component of the reporting module of the major ACD manufacturers. The ability to send statistics from the ACD to a display, such as an LED wallboard, is now considered a mandatory capability of today s sophisticated ACDs. These products, by design, lack sophistication and were created to provide rudimentary statistical output from the ACD primarily for display to a supervisor screen or a 1-2 line LED wallboard. The ACD manufacturers have strategically opted to offer more robust real time monitoring through partner relationships with third party vendors, such as Symon, Innova, TargetVision and Centergistic. All of these installations present excellent upgrade opportunities for our AgentView product.

Small Low-End Software Providers: In addition to the bundled ACD statistical packages, there currently exist over 40 small companies, ranging in annual revenues from $1 million to over $5 million, providing low-end real time contact center statistical output. These niche players often distribute their products through VARs (value added resellers) and distributors, or align their product with a particular CRM manufacturer, service provider or within a vertical market. The average unit sale for these products falls between $1,000-$3,000. While there are no published revenue numbers for this highly fragmented sub-set of the industry, the overall size of this level of the market has been estimated at $100-$150 million.

Higher Level Software Providers: There are approximately seven vendors who provide software with marked value added features and functionality. Some of these vendors are themselves visual display manufacturers (high definition screens, multiple line wallboards, gas plasma) who have developed statistical software as a component to drive display sales. This software requires a degree of sophistication to support some of the graphics capabilities, but lacks the advanced thresholding and filtering capability, not to mention the multi-source collection technology, of AgentView. Contact centers with embedded ACD software or visual display driven software continue to turn to

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Centergistic because they recognize the following limitations:

1. Not as flexible in collecting across multiple ACD brands;
2. Lack of sophisticated threshold alerting and key performance indicator (KPI) building;
3. Unable to collect and combine metrics from other media such as e-mail, IVR, Workforce Management systems, CRM systems, Web service, etc;
4. Weak capability to create smart metrics as combined performance indicators; and
5. Lack of publishing options such as ability for metrics to be browser-viewed and accessible via wireless devices.

A few of these vendors have more robust capabilities providing more sophisticated threshold and KPI (key performance indicator) creation. They publish information to a variety of devices and claim to be able to collect and combine data from various systems. At this level, our two primary competitors are Symon Corporation and Inova Corporation. Both of these companies offer products with closed systems restrictions which we believe may be seen as limiting by companies in dynamic environments where changes in software are routine.

CenterStats

We are not aware of any system that provides the breadth of data acquisition and loading functionality and flexibility on a real time basis as CenterStats. Given the limited functionality and high cost of the competitive data systems, none are viewed by us as direct competition from a user benefit standpoint.

In addition to having limited or constrained functionality or feature sets, some of the competing products are proprietary and, therefore, are unable to accept data from outside systems. For example, Avaya s CenterVU Analyst is only effective in a complete Avaya system. BI (Business Intelligence) competitors, MicroStrategy and Cognos, have powerful data mining, cube analysis and ad hoc query capability, but they lack the ability to capture perishable data, along with the filtering and alarms technology necessary to support real time reporting applications. Furthermore, these companies are recognizing the growing importance and purchasing clout of today s mission critical contact centers. In addition to our strong real time architecture, Centergistic has something else that many of the BI giants lack a multi-faceted understanding of the technology and telecommunications-based infrastructure that is unique to the contact center.

Neither MicroStrategy nor Cognos products are as cost effective as CenterStats. The unique architecture of CenterStats is built around a combination of standard components and core technologies. Open standards allow CenterStats to integrate easily with input-end data sources and output-end interfaces.

Intellectual Property

We rely primarily on a combination of copyright, trademark, trade secret and confidential information laws and employee and third-party non-disclosure agreements and other methods to establish and protect our proprietary rights. There can be no assurance that these protections will be adequate to protect against technologies that are substantially equivalent or superior to our technologies. We currently have one patent application pending for Method and System for Managing Real Time Data . This application is related to the Provisional U.S. Patent Application entitled, Information Management Systems N0. 60/353,646 filing date January 31, 2002. There can be no assurance that our patent application will result in any patent being issued. If issued, any patent claims allowed may not be sufficiently broad to protect our technology. In addition, any patent may be challenged, invalidated or circumvented and any right granted thereunder may not provide meaningful protection to us.

The following table sets forth a list of our trademarks, both registered and unregistered, that are currently being used in the conduct of our business.

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Registered Trademarks	Unregistered Trademarks
Centergistic Solutions	AgentView Enterprise
CenterStats	AgentView Enterprise EPM
AgentView	AgentView Web
AgentLink	AgentView WAP
	PowerUser
	Advanced Threshold Handling
	Performance Indicator Builder
	CenterStats OmniCollector

We have not conducted an exhaustive search of possible prior users of the unregistered trademarks listed above and, therefore, it is possible that our use of some of these trademarks may conflict with others.

We enter into non-disclosure and invention assignment agreements with certain of our employees and enter into non-disclosure agreements with certain of our consultants and subcontractors. However, there can be no assurance that such measures will protect our proprietary technology, or that our competitors will not develop software with features based upon, or otherwise similar to our software or that we will be able to prevent competitors from developing similar software.

Properties

Our corporate administrative office is located at 2045 W. Orangewood Avenue, Orange, California 92868, where we lease approximately 4,691 square feet of space. The current monthly rent is $7,830 with annual increases. Our lease for this space ends on June 30, 2008. We believe this space is sufficient to meet our requirements for the foreseeable future.

Our Mexican subsidiary leases office space located at Hamburgo 135-Suite 102, Col.Juarez, D.F. 06600 Mexico. The lease for this space is on a month-to-month basis. We believe that we will be able to obtain a suitable replacement for this lease on commercially reasonable terms if our lease is terminated.

Our United Kingdom office is located at 1 Enterprise Way, Hemel Hempstead, Hertfordshire HP2 7YJ United Kingdom. The lease for this space is on a month-to-month basis. We believe that we will be able to obtain a suitable replacement for this lease on commercially reasonable terms if our lease is terminated.

Our India office is located at F-41, South Extension Part-1, New Delhi 110049 India. The lease for this space is for one year commencing in May, 2003. We believe that we will be able to obtain a suitable replacement for this lease on commercially reasonable terms if our lease is terminated.

Our St. Louis, Missouri office is located at 1004 Elmwood Drive, St. Charles, Missouri 63301. The lease for this space is on a month-to-month basis. We believe that we will be able to obtain a suitable replacement for this lease on commercially reasonable terms if our lease is terminated.

Employees

We currently have 35 full-time employees, including 9 in research and development, 13 in sales and marketing, 5 in operations and customer service and 8 in general and administrative. We consider our relationship with our employees to be good.

Legal Proceedings

We are not aware of any material litigation or proceeding currently pending or threatened against us.

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MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our executive officers and directors:

Name	Age	Office
Ricardo G. Brutocao	58	President, Chief Executive Officer and Director
David M. Cunningham	43	Chief Operating Officer, Chief Financial Officer, Secretary and Director
Jerome Fahey	76	Chairman of the Board and Director
Jay Kurtz	67	Director
William J. Battison	54	Director

Directors hold office for a period of one year from their election at the annual meeting of stockholders and until their successors are duly elected and qualified. Officers are elected by, and serve at the discretion of, the Board of Directors. None of the above individuals has any family relationship with any other.

Ricardo G. Brutocao joined Centergistic as President, Chief Executive Officer and a director in 1988. Prior to joining Centergistic, Mr. Brutocao served as President and CEO of Logical Data Management, a firm he co-founded which served the then burgeoning Cable TV industry from 1976 to 1988. Prior to 1976, Mr. Brutocao served as Director of International Operations for Whittaker Corporation, where he was a member of a small team that started a $400 million International Hospital Management Division. In 1972, while a young engineer at the Burroughs Corporation, Mr. Brutocao was selected to be the Project Manager for a new main-frame class computer system that was subsequently the first system at Burroughs released and delivered on schedule. Mr. Brutocao also serves as a director of MKB Associates and Venture Communications, both of which are family-owned investment holding companies. Mr. Brutocao earned a BSEE from Santa Clara University and an MBA in Finance from California State University, Los Angles.

David M. Cunningham joined Centergistic as Controller in September 1991 and Secretary in 1992 and was appointed Chief Financial Officer and Chief Operating Officer in 1995 and 2000, respectively. He has served on the Centergistic Board of Directors since April 2001. Prior to joining Centergistic, he was employed by Frazer & Torbet, public accounting firm, from 1987 to 1991. In addition to being a CPA, Mr. Cunningham holds a BS in Business from California State University, Northridge.

Jerome Fahey has served on the Centergistic Board since 1994. Mr. Fahey formerly held the positions within VONS Grocery Company of President from 1983 to 1985 and Chief Operating Officer from 1975 to 1983, and is now retired.

Jay Kurtz has served on the Centergistic Board since 1996. Mr. Kurtz is the founder and President of Kappa West Incorporated. He is an internationally acclaimed authority on the application of military concepts and principals in the competitive business environment. Mr. Kurtz helped to pioneer and popularize the concepts of Business Warfare worldwide as a speaker and lecturer in over thirty countries on five continents and as a consultant to more than 150 companies (more than 100 of which are high technology ventures who sought out Mr. Kurtz for consulting intended to increase their strategic and operational effectiveness.

William J. Battison has served on the Centergistic Board since 2001. Mr. Battison has served as Managing Director of Angeles Capital Group, LLC, an investment banking firm and NASD licensed broker dealer, since January 2002. From February 2001 to January 2002, he served as CEO of RXN Radio Systems, an internet radio/technology company. From March 2000, to February 2001, he served as CEO of BuyItNow, Inc., an internet E-commerce company. In January 2001, a petition in bankruptcy was filed against BuyItNow, Inc. under Chapter 7 of the Bankruptcy Act in the U.S. Bankruptcy Court in New Jersey. The company was dissolved on June 25, 2001. From January 1999 to March 2000, Mr. Battison served as senior vice president of Valence Technology, a company involved in portable energy storage technology.

Significant Employees

The following table sets forth information regarding our significant employees:

Name	Age	Office

Rama Iyer	41	Vice President of Technology

Rama Iyer joined Centergistic in 1996, prior to which he was employed as manager of software development with Infolinks Computers (P) Ltd. New Delhi, India. Prior to that, Mr. Iyer was technical director in charge of projects and infrastructure management with Indian Institute of Technology, Delhi (IIT), India. He holds an MBA from California State University, Long Beach, CA, as well as an MS in Software Systems from Birla Institute of Technology and Sciences (BITS), Rajasthan, India and a Grad IETE from Institution of Electronics and Telecommunication Engineering, Delhi, India.

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Committee of the Board of Directors

We established an audit committee in November, 1993. The audit committee reviews with our independent auditors the scope and timing of the auditors services, the auditors report on our financial statements following completion of the auditors audit, and our internal accounting and financial control policies and procedures. In addition, the audit committee will make annual recommendations to our board of directors for the appointment of independent auditors for the ensuing year. The audit committee will report to the board of directors with respect to the selection of our independent auditors, the scope of our annual audits, fees to be paid to the auditors, the performance of our independent auditors, compliance with our accounting and financial policies, and management s procedures and policies relating to the adequacy of our internal accounting controls. The members of our audit committee are Messrs. Fahey, Kurtz and Battison.

Executive Compensation

The following table sets forth certain summary information concerning the compensation we paid to our chief executive officer and each of our other most highly compensated executive officers whose total annual salary and bonus exceeded $100,000 for services rendered during each of the three fiscal years ended June 30, 2003. Except as listed in the table below, no executive officer holding office in fiscal year 2003 received total annual salary and bonus exceeding $100,000. All other annual compensation in the form of perquisites and other personal benefits has been omitted because the aggregate amount of such perquisites and other personal benefits constituted less than 10% of the total annual salary and bonus received by our chief executive officer and other executive officers named in the table in fiscal year 2003.

Summary Compensation Table

	Annual Compensation			Long Term Compensation Awards
Name and Principal Position	Fiscal Year	Salary	Bonus	Securities Underlying Options
Ricardo G. Brutocao,	2003	$185,625		96,000
President and Chief	2002	$200,625		none
Executive Officer	2001	$205,000		60,000
David M. Cunningham,	2003	$ 89,100		80,000
Chief Operating Officer	2002	$ 96,300		none
and Chief Financial Officer	2001	$104,151	$6,000	80,000

Stock Option Grants in Fiscal Year 2003
Individual Grants

Name	Number of Securities Underlying Options Granted (#) (1)	Percentage of Total Options Granted to Employees in Fiscal Year (%)	Exercise Price ($ per share)	Market Price ($ per share) (2)	Expiration Date
Ricardo G. Brutocao	96,000	29%	$ .3275	$ .3975	4/21/2013
David M. Cunningham	80,000	25%	$ .2975	$ .3975	4/21/2013

(1) Both Mr. Brutocao s and Mr. Cunningham s stock options become 50% vested on the 2-year anniversary of the option grant, and another 25% vested on the 3rd and 4th year anniversary of the option grant.

(2) Market price was the fair market value of our common stock held in the Centergistic ESOT as determined by an independent appraiser in March, 2003.

No options were exercised in fiscal 2003 by either of the named executive officers.

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Employment Agreements

Mr. Ricardo Brutocao is employed by us as our President and Chief Executive Officer under an employment agreement entered into as of May 1, 1988. The agreement may be terminated by us at any time upon 120 days prior written notice. Under the agreement, Mr. Brutocao is entitled to receive an annual base salary of $225,000 (voluntarily reduced by him during each of the last three fiscal years) and 5% of the total consideration received by us in a transaction involving the sale or transfer of a majority of our equity securities resulting in a change of control of Centergistic. He is entitled to health, welfare, disability and retirement insurance benefits and other fringe benefits in accordance with our policies in effect from time to time. He is also entitled to a car allowance of $900 per month. In addition, Mr. Brutocao received an option, which he previously fully exercised, to purchase 284,000 shares of common stock at an exercise price of $.4925. When Mr. Brutocao exercised the option in 1988, we loaned him an amount equal to the exercise price. The loan was evidenced by a promissory note that was due and payable, together with accrued interest at the rate of 8% per annum, in four years. During the four year term of the loan, we forgave 25% of the original principal amount of the loan at the end of each year, and by the end of 1992 the entire loan amount had been forgiven. Upon termination of Mr. Brutocao s employment, we have the right to purchase all, but not less than all, of the shares Mr. Brutocao acquired upon exercise of the option at a price per share equal to the greater of the option exercise price or fair market value.

Director Compensation

Each of our non-employee directors receives $500 cash and an option to purchase 3,200 shares of common stock for each meeting of our Board of Directors attended by such non-employee director. The options are nonqualified stock options and are exercisable at a price equal to fair market value as of the date of grant. All of the options are granted under our 1998 Non-Employee Directors Stock Option Plan and vest immediately.

Stock Option Plans

1998 Plan

Our Board of Directors adopted the 1998 Nonemployee Directors Stock Option Plan (the 1998 plan) and reserved an aggregate of 800,000 shares of common stock for grants of stock options under the 1998 plan. The purpose of the 1998 plan is to enhance our ability to retain qualified persons who are neither officers nor employees to serve as members of our board of directors by offering them the opportunity to acquire and maintain stock ownership in Centergistic by the grant of stock options.

As of February 29, 2004, options to purchase 243,200 shares of common stock were outstanding under the 1998 plan with exercise prices of $.3975 to $.6763 per share, options to purchase 556,800 shares were available for grants and no options had been exercised.

The 1998 plan is currently administered by our Board of Directors, which has the authority to specify the number of option shares, the exercise price, the vesting provisions, the option term and the other terms and conditions of each option to be granted. An option granted under the 1998 plan expires 10 years from the date of grant or, if earlier, three months after the optionee s termination of service as a director or 12 months after the optionee s death or disability. Options granted under the 1998 plan are not generally transferable by the optionee except by will or the laws of descent and distribution and generally are exercisable during the lifetime of the optionee only by such optionee. The 1998 plan is not subject to approval of our stockholders.

The 1998 plan will remain in effect for 10 years after the date of its adoption by our Board of Directors. The number of shares reserved under the 1998 plan and the number of shares subject to outstanding options are subject to adjustments in the event of stock splits, stock dividends and other extraordinary corporate events.

1996 Plan

Our Board of Directors adopted the 1996 Stock Option Plan (the 1996 plan) and reserved an aggregate of 2,000,000 shares of common stock, subsequently increased to 2,800,000 shares by an amendment approved by our Board of Directors and shareholders, for grants of stock options under the 1996 plan. The purpose of the 1996 plan is to enhance the long-term stockholder value of Centergistic by offering opportunities to our employees, directors, officers, and consultants, to participate in our growth and success, and to encourage them to remain in the service of

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Centergistic and acquire and maintain stock ownership in Centergistic.

As of February 29, 2004, options to purchase 2,159,660 shares of common stock were outstanding under the 1996 plan with exercise prices of $.2975 to $.7863 per share, options to purchase 640,400 shares were available for grants and no options had been exercised.

The 1996 plan is currently administered by our Board of Directors, which has the authority to select individuals who are to receive options under the 1996 plan and to specify the terms and conditions of each option to be granted (incentive or nonqualified), the vesting provisions, the option term and the exercise price. Unless otherwise provided by the Board of Directors, an option granted under the 1996 plan expires 10 years from the date of grant (5 years in the case of an incentive option granted to a holder of 10% or more of the shares of Centergistic s outstanding common stock) or, if earlier, three months after the optionee s termination of employment or service or 12 months after the optionee s death or disability. Options granted under the 1996 plan are not generally transferable by the optionee except by will or the laws of descent and distribution and generally are exercisable during the lifetime of the optionee only by such optionee. The 1996 plan has been approved by our stockholders.

The 1996 plan will remain in effect for 10 years after the date of its adoption by our Board of Directors. The 1996 plan may be amended by our Board of Directors without the consent of our stockholders, except that any amendment, although effective when made, will be subject to stockholder approval if required by any Federal or state law or regulation or by the rules of any stock exchange or any automated quotation system on which our common stock may then be listed or quoted. The number of shares reserved under the 1996 plan and the number of shares subject to outstanding options are subject to adjustment in the event of stock splits, stock dividends and other extraordinary corporate events.

1992 Plan

Our Board of Directors adopted the 1992 Incentive Stock Option Plan (the 1992 Plan) and reserved an aggregate of 2,000,000 shares of common stock for grants of stock options under the 1992 plan. The 1992 plan expired on June 30, 2001 and no options were granted or available for grant under the 1992 plan after such date. As of February 29, 2004, options to purchase 376,000 shares of common stock were outstanding under the 1992 plan with exercise prices of $.45375 to $.6075, and no options had been exercised. Unless otherwise provided by the Board of Directors, an option granted under the 1992 plan expires 10 years from the date of grant or, if earlier, three months after the optionee s termination of employment or service or 12 months after the optionee s death or disability.

Employee Benefit Plans

Employee Stock Ownership Plan

We have an employee stock ownership plan (ESOP) which covers substantially all of our employees. All costs of administering the ESOP are borne by us. Contributions to the ESOP, which may be made in cash or shares of our common stock, are made at the discretion of our Board of Directors. Substantially all of the ESOP s assets are invested in shares of our common stock. ESOP participants become 20% vested in their account balances after three years of continuous service, and 20% per year thereafter, and are fully vested upon completion of seven years of service. We did not make any contributions to the ESOP during the six-month periods ended December 31, 2003 and 2002 or the years ended June 30, 2003 and 2002.

If a terminated ESOP participant desires to sell his or her shares of Centergistic common stock, we may be required to repurchase the shares from the participant at their fair market value. During the years ended June 30, 2003 and 2002, the total shares repurchased by us were 52,000 and 103,304, respectively. The estimated fair market value of the 2,060,600 shares owned by the ESOP at June 30, 2003, including those shares not vested, is approximately $850,000, which is based upon an independent appraisal as of June 30, 2003.

401(k) Plan

We offer a 401(k) plan to all employees with at least three months of service. We will match 50% of each employee s contributions, up to 4% of the employee s salary. We paid $9,000 and $6,000 in matching contributions during the six-month periods ended December 31, 2003 and 2002, respectively, and $15,000 and $10,000 in matching contributions during the years ended June 30, 2003 and 2002, respectively.

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Liability and Indemnification of Officers and Directors

Our Bylaws empower us to indemnify our directors and officers against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with civil or criminal actions, suits or proceedings against such persons by reason of serving or having served as officers, directors, or in other capacities, if such person acted in good faith and in a manner such person reasonably believed to be in our best interests, and in a criminal action or proceeding, had no reason to believe that such person s conduct was unlawful. If any such person has been successful on the merits in defense of any such action, suit or proceeding, our Bylaws required us to indemnify such person against expenses actually and reasonably incurred in connection therewith. Indemnification as provided in our Bylaws shall be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct. We are also empowered under our Articles of Incorporation and Bylaws to enter into indemnifications agreements with our directors, officers, employees and other agents and to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

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

In addition, our Articles of Incorporation provide that, to the fullest extent permitted by California law, our directors will not be liable for monetary damages for breach of the directors fiduciary duty of care to us and our shareholders. This provision in the Articles of Incorporation does not eliminate the duty of care, and in appropriate circumstances, equitable remedies such as an injunction or other forms of non-monetary relief would remain available under California law. Each director will continue to be subject to liability for breach of the director s duty of loyalty to us, for acts or omissions not in good faith or involving intentional misconduct or knowing or culpable violations of law that the director believes to be contrary to our best interests or the best interests of our shareholders, for acts or omissions involving a reckless disregard for the director s duty to us or our shareholders when the director was aware or should have been aware of a risk of serious injury us or our shareholders, or an unexcused pattern of inattention that amounts to an abdication of the director s duty to us or our shareholders, for improper transactions between the director and us or for improper distributions to shareholders and loans to directors and officers, or for acts or omissions by the director as an officer. This provision also does not affect a director s responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

There is no pending material litigation or proceeding involving us and any of our directors, officers, employees or other agents as to which indemnification is being sought, nor are we aware of any pending or threatened material litigation that may result in claims for indemnification by any director, officer, employee or other agent.

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CERTAIN TRANSACTIONS

In March 1995, David Cunningham borrowed $22,500 from us in order to purchase 102,568 shares of our common stock from a third party. The loan was evidenced by his promissory note bearing interest at the rate of 6% per annum and maturing in March 2000. The note was collateralized by the shares purchased. The maturity date of Mr. Cunningham s note was extended to June 2005. As of December 31, 2003, the unpaid principal amount of Mr. Cunningham s note was $4,000.

In July 1997, we entered into an employment agreement with Michael Atlas, a former officer and director and current beneficial owner of more than 5% of our stock as of February 29, 2004, pursuant to which Mr. Atlas is currently entitled to receive a monthly salary of $1,000. He is also entitled to health insurance and other employee benefits generally available to our other employees. His employment agreement, as amended, terminates on June 30, 2005, unless sooner terminated upon the occurrence of certain events specified therein. If we terminate him without cause, his employment agreement provides that he is entitled to continue to receive monthly salary during the remaining term of his employment agreement.

During fiscal year 2003, we borrowed $16,875 from Ricardo Brutocao and $8,100 from David Cunningham, officers and directors of Centergistic. These loans are evidenced by our promissory notes dated December 31, 2002 payable to Messrs. Brutocao and Cunningham in the principal amount of $16,875 and $8,100, respectively. Our notes bear interest at the rate of 6% and are due and payable on demand. These notes are secured by all of the assets of Centergistic. As of December 31, 2003, the balance outstanding under these notes aggregates $24,975.

In September 2003, we borrowed a total of $490,000 from 16 lenders in exchange for our convertible subordinated promissory notes in the aggregate principal amount of $490,000 and common stock purchase warrants, exercisable at a price of $.3975 per share, to purchase an aggregate of 74,016 shares of our common stock. The promissory notes are convertible at any time, at the option of the holder, at a price of $.3975 per share, and will automatically convert on the first anniversary date of the notes or earlier upon the occurrence of certain other events. The notes bear interest at the rate of 6% per annum and is payable in arrears on February 1, 2004, May 1, 2004 and August 1, 2004. Of the total loan amount of $490,000, $10,000 was loaned by David Cunningham, an officer and director of Centergistic, $25,000 was loaned by The Atlas Family Trust, whose trustee, Michael Atlas, is a principal stockholder of Centergistic, $10,000 was loaned by MKB Associates, Inc., an affiliate of Ricardo Brutocao, an officer and director of Centergistic, and $25,000 was loaned by Leonard Brutocao, a relative of Ricardo Brutocao. These four lenders were issued an aggregate of 10,576 of the total 74,016 warrants issued in this borrowing transaction.

We have granted stock options to our executive officers under our 1996 Stock Option Plan and to our non-employee directors under our 1998 Nonemployee Directors Stock Option Plan which are described elsewhere in this prospectus.

We believe that all of the related party transactions described above were entered into on terms no more favorable than those that would have been agreed to by an unrelated third party.

We are aware of Section 402 of the Sarbanes-Oxley Act of 2002 which prohibits personal loans by a public company to any of its directors or executive officers. We have adopted a policy that we will not, directly or indirectly (including through a subsidiary), extend or maintain credit, arrange for the extension of credit, or renew any extension of credit, in the form of a personal loan to or for any of our executive officers or directors, unless such loan is excepted from the prohibition of Section 402. Our currently outstanding loan of $4,000 to David Cunningham will not be subject to the prohibition of Section 402 on personal loans to executives so long as it is not materially modified or renewed. In accordance with our policy, we will not renew or materially modify our loan to Mr. Cunningham.

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PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of February 29, 2004 by (i) each person who is known by us to own beneficially more than 5% of our outstanding common stock; (ii) each of our executive officers and directors; and (iii) all of our directors and executive officers as a group. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned (1)	Percentage of Shares of Common Stock Outstanding (2)
Ricardo G. Brutocao (President, Chief Executive Officer and director) 2045 W. Orangewood Avenue Orange, California 92868	10,840,992 (3)(4)	72.4%
David M. Cunningham (Chief Operating Officer, Chief Financial Officer, Secretary and director) 2045 W. Orangewood Avenue Orange, California 92868	2,583,264 (4)(5)	26.3%
Jerome Fahey (director) 920 Spring Meadow Dr. West Covina, California 91791	211,152 (6)	2.2%
Jay Kurtz (director) 2616 Queda Way Laguna Beach, California 92652	73,600 (7)	*
William J. Battison (director) 334 Meadow Grove La Cãnada Flintridge, CA 91011	25,600 (8)	*
Michael Atlas 13036 Lake Wildwood Dr. Penn Valley, California 95946	1,962,496 (9)	20.6%
Venture Communications Corporation 5362 Runningbrook Road Las Vegas, Nevada 89120	6,742,776 (10)	47.1%
MKB Associates, Inc. 25412 Wagon Wheel Circle Laguna Hills, California 92653	708,928 (11)	7.5%
All executive officers and directors as a group (5 persons)	11,674,008 (4)(12)	75.3%

* Less than 1%

(1) 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 options, warrants and convertible notes currently exercisable or convertible, or exercisable or convertible within 60 days after February 29, 2004, are deemed beneficially owned and outstanding for computing the percentage of the person holding such securities, but are not considered outstanding for computing the percentage of any other person.

(2) Percentage of ownership is based on 9,445,232 shares of common stock outstanding on February 29, 2004.

(3) Includes 645,000 shares subject to options currently exercisable or exercisable within 60 days after February 29, 2004. Includes 682,264 shares owned by MKB Associates, Inc., a corporation owned by Mr. Brutocao s children and of which Mr. Brutocao s wife is president , and also includes an additional 25,152 shares issuable upon conversion of a convertible note and 1,512 shares issuable upon exercise of warrants held by MKB Associates, Inc. Mr. Brutocao disclaims beneficial ownership of such securities held by MKB Associates, Inc. Includes 1,894,776 shares owned and 4,848,000 shares issuable upon exercise of warrants held by Venture Communications Corporation of which Mr. Brutocao is a director. Mr. Brutocao disclaims beneficial ownership of such securities held by Venture Communications Corporation, except to the extent of his pecuniary interest therein. Does not include 198,104 shares held by the Centergistic ESOP for the benefit of Mr. Brutocao, since these shares are already included in the total number of shares held in the Centergistic ESOP and deemed to be beneficially owned by him by virtue of his shared voting power as described in footnote (4) to this table.

(4) Includes 2,060,600 shares held by the Centergistic ESOP, of which Mr. Brutocao and Mr. Cunningham are co-trustees and have shared voting power as to certain matters, including election of the Centergistic Board of Directors. Messrs. Brutocao and Cunningham disclaim beneficial ownership of the shares held by the Centergistic ESOP except to the extent of their respective pecuniary interests therein.

(5) Includes 324,000 shares subject to options, 1,512 shares subject to warrants and 25,152 shares subject to a convertible note currently exercisable or convertible, or exercisable or convertible within 60 days after February 29, 2004. Does not include 72,936 shares held by the Centergistic ESOP for the benefit of Mr. Cunningham, since these shares are already included in the total number of shares held in the Centergistic ESOP and deemed to be beneficially owned by him by virtue of his shared voting power as described in footnote (4) to this table.

(6) Includes 89,600 shares subject to options currently exercisable or exercisable within 60 days after February 29, 2004.

(7) Includes 73,600 shares subject to options currently exercisable or exercisable within 60 days after February 29, 2004.

(8) Includes 25,600 shares subject to options currently exercisable or exercisable within 60 days after February 29, 2004.

(9) Includes 1,705,288 shares held by the Atlas Family Trust and an additional 62,888 shares issuable upon conversion of a convertible note and 3,776 shares issuable upon exercise of warrants held by The Atlas Family Trust. Also includes 181,072 shares held by the Centergistic ESOP for the benefit of Mr. Atlas and 9,472 shares held by the Centergistic ESOP for the benefit of Mr. Atlas wife.

(10) Includes 4,848,000 shares subject to warrants currently exercisable.

(11) Includes 25,152 shares issuable upon exercise of a convertible note and 1,512 shares issuable upon exercise of warrants that are currently convertible or exercisable, or convertible or exercisable within 60 days after February 29, 2004.

(12) Includes an aggregate of 1,184,464 shares subject to options, warrants and convertible notes held by all executive officers and directors that are currently exercisable or convertible or exercisable or convertible within 60 days after February 29, 2004. Includes the 682,264 shares owned and the 25,152 shares subject to the convertible note and 1,512 shares issuable upon exercise of the warrants held by MKB Associates, Inc., as to which Mr. Brutocao disclaims beneficial ownership. Includes the 1,894,776 shares owned and 4,848,000 shares issuable upon exercise of warrants held by Venture Communications Corporation, as to which Mr. Brutocao disclaims beneficial ownership, except to the extent of his pecuniary interest therein. Does not include an aggregate of 271,040 shares held by the Centergistic ESOP for the benefit of our executive officers since these shares are already included in the total number of shares held in the Centergistic ESOP and deemed to be beneficially owned by Messrs. Brutocao and Cunningham by virtue of their shared voting power as described in footnote (4) to this table. Messrs. Brutocao and Cunningham disclaim beneficial ownership of the shares held by the Centergistic ESOP except to the extent of their respective pecuniary interests therein.

SELLING STOCKHOLDERS

The following table sets forth the names of our selling stockholders, the number of shares of our common stock beneficially owned by each selling stockholder as of the date of this prospectus, and the number of shares offered for sale.

	Maximum Number	Shares Beneficially Owned After Offering (Assuming Sale of All Shares Covered

Name	Number of Shares Beneficially Owned Prior to Offering[1]	of Shares to be Sold Pursuant to this Prospectus	by This Prospectus[2] Number	Percent
Trayboard Holdings SA[3]	133,336	133,336	0	0
Junkin Trust[4]	66,664	66,664	0	0
Thomas J. and Nancy J. McMillan	40,000	40,000	0	0
Greg Foncesa	133,336	133,336	0	0
Kurt Rexius	133,336	133,336	0	0
Thomas Ole Dial	66,664	66,664	0	0
George H. Maley	66,664	66,664	0	0
Bette Jane Maley	66,664	66,664	0	0
The Bosphorous Group, Inc.[5]	124,504	79,992	44,512	*

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Name	Number of Shares Beneficially Owned Prior to Offering(1)	Maximum Number of Shares to be Sold Pursuant to this Prospectus	Shares Beneficially Owned After Offering (Assuming Sale of All Shares Covered by This Prospectus(2) Number	Percent
Campbell Family Trust(6)	66,664	66,664	0	0
WMC Investments, LLC (7)	133,336	133,336	0	0
Leonard J. Brutocao	66,664	66,664	0	0
Lenawee Trust (8)	293,336	133,336	160,000	.016%
Hanover Capital Corp. (9)	350,000	350,000	0	0

* Less than 1%

(1) This column includes, for the following persons, the following number of shares which may be acquired upon conversion of convertible promissory notes:

Trayboard Holdings SA (125,784); Junkin Trust (62,888); Thomas J. and Nancy J. McMillan (37,728); Greg Foncesa (125,784); Kurt Rexius (125,784); Thomas Ole Dial (62,888); George H. Maley (62,888); Bette Jane Maley (62,888); The Bosphorous Group, Inc. (75,464); Campbell Family Trust (62,888); WMC Investments, LLC (125,784); Leonard J. Brutocao (62,888); Lenawee Trust (125,784)

This column also includes, for the following persons, the following number of shares which may be acquired upon exercise of warrants:

Trayboard Holdings SA (7,552); Junkin Trust (3,776); Thomas J. and Nancy J. McMillan (2,272); Greg Foncesa (7,552); Kurt Rexius (7,552); Thomas Ole Dial (3,776); George H. Maley (3,776); Bette Jane Maley (3,776); The Bosphorous Group, Inc. (49,040); Campbell Family Trust (3,776); WMC Investments, LLC (7,552); Leonard J. Brutocao (3,776); Lenawee Trust (167,552)

This column also includes for Hanover Capital Corp. 100,000 shares that we have agreed to issue upon the effective date of our registration statement.

(2) Assumes the sale of all shares covered by this prospectus. There can be no assurance that any of the selling stockholders will sell any or all of the shares of common stock offered by them hereunder.

(3) Massimo Massironi, managing director of Trayboard Holdings SA, has voting and investment power with respect to the shares held by Trayboard Holdings SA.

(4) William Junkin, trustee of the Junkin Trust, has voting and investment power with respect to the shares held by Junkin Trust.

(5) Dan McClory, president of The Bosphorous Group, Inc., has voting and investment power with respect to the shares held by The Bosphorous Group, Inc.

(6) William Campbell, trustee of the Campbell Family Trust, has voting and investment power with respect to the shares held by the Campbell Family Trust.

(7) William Close, managing member of WMC Investments LLC, has voting and investment power with respect to the shares held by WMC Investments LLC.

(8) Gregory A. Busch and David Keligian, co-trustees of the Lenawee Trust, have voting and investment power with respect to the shares held by Lenawee Trust.

(9) Jim Hock, president of Hanover Capital Corp., has voting and investment power with respect to the shares held by Hanover Capital Corp.

Information regarding the selling stockholders

The shares of our common stock which the selling stockholders or their pledgees, donees, transferees or other successors in interest are offering for resale will be offered initially at $.50 per share and thereafter, if our common stock is quoted on the OTC Bulletin Board, at prevailing market prices or privately negotiated prices. Such sales may be made from time to time in one or more of the following transactions:

- Block transactions;
- Through the writing of options on the shares;
- Short sales; or
- Any combination of these transactions.

The sale price to the public in these transactions may be:

- The market price prevailing at the time of sale;
- A price related to the prevailing market price; or
- Negotiated prices.

The selling stockholders may also sell shares of our common stock pursuant to Rule 144 under the Securities Act of 1933. The selling stockholders will have the sole and absolute discretion not to accept any purchase offer or make any sale of these shares of our common stock if they deem the purchase price to be unsatisfactory at any particular time.

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The selling stockholders or their pledges, donees, transferees or other successors in interest, may also sell these shares of our common stock directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. These broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholders and/or the purchasers of these shares of our common stock for whom such broker-dealers may act as agents or to whom they sell as principal, or both. As to a particular broker-dealer, this compensation might be in excess of customary commissions. Market makers and block purchasers purchasing these shares of our common stock will do so for their own account and at their own risk.

It is possible that a selling stockholder will attempt to sell shares of our common stock in block transactions to market makers or other purchasers at a price per share which may be below the prevailing market price of our common stock. There can be no assurance that all or any of these shares of our common stock offered hereby will be issued to, or sold by, the selling stockholders. Upon effecting the sale of any of these shares of our common stock offered under this prospectus, the selling stockholders and any brokers, dealers or agents may be deemed underwriters as that term is defined under the Securities Act of 1933 or the Securities Exchange Act of 1934, or the rules and regulations thereunder.

Alternatively, the selling stockholders may sell all or any part of the shares of our common stock offered hereby 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 enters into an agreement or agreements with an underwriter, we will file a post-effective amendment to our registration statement reflecting this change.

The selling stockholders and any other persons participating in the sale or distribution of these shares of our common stock will be subject to applicable provisions of the Securities Exchange Act of 1934 and the rules and regulations thereunder including, without limitation, Regulation M. These provisions may restrict activities of and limit the timing of purchases and sales of any of these shares of our common stock by the selling stockholders. Furthermore, pursuant to Regulation M, a person engaged in a distribution of our securities is prohibited from bidding for, purchasing, or attempting to induce any person to bid for or purchase our securities for a period beginning five business days prior to the date of this prospectus until such person is no longer a selling shareholder. These regulations may affect the marketability of these shares of our common stock.

We will pay substantially all of the expenses incident to the registration and offering of our common stock, other than commissions or discounts of underwriters, broker-dealers or agents with respect to sales by the selling stockholders.

None of the selling stockholders are broker-dealers or affiliates of broker-dealers.

DESCRIPTION OF SECURITIES

General

We are authorized to issue 80,000,000 shares of common stock.

Common Stock

As of February 29, 2004, there were 9,445,232 shares of common stock outstanding. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders, except that upon giving the legally required notice, stockholders may cumulate their votes in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available therefor subject to the prior rights of holders of any outstanding shares of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and no right to convert their common stock into any other securities.

There is no current trading market for our securities and no assurance that a trading market will develop in the future. We plan to apply to list our stock for trading on the Over-the-Counter Bulletin Board. The Bulletin Board tends to be highly illiquid, in part because there is no national quotation system by which potential investors can track the market price of shares except through information received or generated by a limited number of broker-dealers that make markets in particular stocks. There is a greater chance of market volatility for securities that trade on the Bulletin Board as opposed to a national exchange or quotation system. This volatility may be caused by a variety of factors, including:

The lack of readily available price quotations;

The absence of consistent administrative supervision of bid and ask quotations;

Lower trading volume; and

Market conditions.

In a volatile market, investors may experience wide fluctuations in the market price of our securities. These fluctuations may have an extremely negative effect on the market price of our securities and may prevent investors from obtaining a market price equal to their purchase price when they attempt to sell our securities in the open market. In these situations, investors may be required to either sell our securities at a market price which is lower than their purchase price, or to hold our securities for a longer period of time than planned.

Because our common stock falls under the definition of penny stock, trading in our common stock, if any, may be further limited because broker-dealers are required to provide their customers with disclosure documents prior to allowing them to participate in transactions involving our common stock. These disclosure requirements are burdensome to broker-dealers and may discourage them from allowing their customers to participate in transactions involving our common stock.

Penny stocks are equity securities with a market price below $5.00 per share other than a security that is registered on a national exchange; included for quotation on the Nasdaq system; or whose issuer has net tangible assets of more than $2,000,000 and has been in continuous operation for greater than three years. Issuers who have been in operation for less than three years must have net tangible assets of at least $5,000,000.

Rules promulgated by the Securities and Exchange Commission under Section 15(g) of the Exchange Act require broker-dealers engaging in transactions in penny stocks, to first provide to their customers a series of disclosures and documents, including:

A standardized risk disclosure document identifying the risks inherent in investment in penny stocks;

All compensation received by the broker-dealer in connection with the transaction;

Current quotation prices and other relevant market data; and

Monthly account statements reflecting the fair market value of the securities. In addition, these rules require that a broker-dealer obtain financial and other information from a customer, determine that transactions in penny stocks are suitable for such customer and deliver a written statement to such customer setting forth the basis for this determination.

In addition, under the Exchange Act and its regulations, any person engaged in a distribution of shares of our common stock offered by this prospectus may not simultaneously engage in market making activities with respect to the common stock during the applicable cooling off periods prior to the commencement of this distribution.

Convertible Promissory Notes

As of February 29, 2004, there were convertible promissory notes in the aggregate principal amount of $490,000 outstanding which are convertible into an aggregate of 1,232,632 shares of common stock.

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Options

As of February 29, 2004, there were options outstanding under Centergistic s Stock Option Plans described elsewhere in this prospectus to purchase a total of 2,402,800 shares of common stock:

Warrants

As of February 29, 2004 there were warrants outstanding to purchase:

4,528,000 shares of common stock exercisable at a price of $.4375 per share until September 27, 2005.

320,000 shares of common stock exercisable at a price of $.676 per share until September 27, 2005.

160,000 shares of common stock exercisable at a price of $.676 per share until September 27, 2005.

74,016 shares of common stock exercisable at a price of $.397 per share until August 31, 2005.

44,512 shares of common stock exercisable at a price of $.466 per share until August 31, 2008.

Dividends

We do not intend to pay dividends on our common stock in the foreseeable future.

Transfer Agent

Our transfer agent is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034.

EXPERTS

Our financial statements included in this prospectus as of June 30, 2003 and 2002 and for the years then ended have been audited by Haskell & White LLP, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for us by the firm of Day & Campbell, LLP.

ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission, Washington, D.C. 20549, a registration statement on Form SB-2 under the Securities Act of 1933 with respect to our common stock offered by this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information with respect to our company and our common stock offered hereby, reference is made to the registration statement and the exhibits filed as part of the registration statement. We are not currently required to file periodic reports with the Securities and Exchange Commission, but will be required to do so upon the effective date of the Registration Statement. These periodic reports include quarterly reports and annual reports which include our audited financial statements. The registration statement, including exhibits thereto, and all of our future periodic reports may be inspected without charge at the Securities and Exchange Commission s principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, after payment of fees prescribed by the Securities and Exchange Commission. You may obtain additional information regarding the operation of the Public Reference Section by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains a World Wide Web site which provides on-line access to reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission at the address: http://www.sec.gov.

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CENTERGISTIC SOLUTIONS, INC.

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INDEPENDENT AUDITORS REPORT

To the Board of Directors
Centergistic Solutions, Inc.

We have audited the accompanying consolidated balance sheets of Centergistic Solutions, Inc. (the Company) as of June 30, 2003 and 2002, and the related consolidated statements of operations and comprehensive income (loss), stockholders equity (deficit), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements of Centergistic Solutions, Inc. as of June 30, 2003 and 2002, present fairly, in all material respects, the financial position of the Company as of June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HASKELL & WHITE LLP

Irvine, California
August 26, 2003, except for Notes 5 and 9
as to which the date is September 30, 2003
and Note 10 as to which the date is
January 19, 2004

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Balance Sheets

	December 31, 2003 (Unaudited)	June 30,	
		2003	2002
ASSETS			
Current			
Cash and cash equivalents	**$ 301,328**	$ 32,012	$ 102,842
Certificate of deposit held as collateral for note payable (Note 5)			171,722
Securities available for sale, net (Note 3)		3,621	284,273
Trade receivables, less allowance for doubtful accounts of $55,999, $35,985 and $54,000, respectively	**983,255**	875,610	685,051
Inventories	**165,411**	164,008	152,768
Prepaid expenses	**131,451**	74,957	77,363
Miscellaneous receivables	**77,157**	75,657	42,366
Total current assets	**1,658,602**	1,225,865	1,516,385
Property, equipment, and leasehold improvements, at cost			
Office and computer equipment	**576,539**	560,507	475,758
Tradeshow equipment	**131,142**	131,142	131,142
Leasehold improvements	**97,019**	97,019	97,019
	804,700	788,668	703,919
Less accumulated depreciation and amortization	**(605,036)**	(554,414)	(469,414)
Total property, equipment, and leasehold improvements, net	**199,664**	234,254	234,505
Building held for sale, net of accumulated depreciation of $282,196 at June 30, 2002 (Note 8)			174,058
Capitalized software development costs, net of accumulated amortization of $1,597,596 $1,535,532 and $1,396,037, respectively	**255,555**	306,555	446,050

Other assets			
Deferred offering costs (Notes 2 and 9)	**281,826**	122,690	75,000
Goodwill	**23,600**	23,600	23,600
Deposits	**17,608**	16,482	12,866
Patent costs	**21,011**	15,742	8,938
Total other assets	**344,045**	178,514	120,404
	$2,457,866	$1,945,188	$2,491,402

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Balance Sheets (Continued)

	December 31, 2003 (Unaudited)	June 30, 2003	June 30, 2002
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)			
Current liabilities			
Term loan (Note 5)	**$**	$ 60,000	$ 331,249
Notes payable, including $70,000 to officers and a related party, net of debt discount of $63,679 at December 31, 2003 (Notes 5 and 9)	**426,321**		49,132
Notes payables officers other (Note 5)	**24,975**	24,975	
Note payable to shareholder (Note 5)	**36,490**		
Accounts payable	**316,782**	219,410	267,549
Accrued expenses	**169,578**	113,209	114,219
Accrual for stock to be issued (Note 10)	**82,500**		
Deferred income	**180,221**	145,856	121,887
Total liabilities, all current	**1,236,867**	563,450	884,036
Commitments and contingencies (Notes 5 through 9)			
Stockholders equity (deficit) (Note 7)			
Common stock, 80,000,000 shares authorized; 9,195,232, 9,221,416 and 9,273,416 shares issued and outstanding, respectively (Note 10)	**2,448,051**	2,455,781	2,474,459
Additional paid-in capital	**284,892**	181,132	151,332
Accumulated deficit	**(1,446,639)**	(1,217,425)	(974,139)
Unearned stock compensation	**(24,832)**	(28,558)	
Common stock to be redeemed (Note 5)	**(36,490)**		
Accumulated items of other comprehensive loss		(3,834)	(36,645)
	1,224,982	1,387,096	1,615,007
Less notes receivable	**(3,983)**	(5,358)	(7,641)
Total stockholders equity (deficit)	**1,220,999**	1,381,738	1,607,366
Total liabilities and stockholders equity (deficit)	**$ 2,457,866**	$ 1,945,188	$2,491,402

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Six Months Ended December 31, 2003	2002	Years Ended June 30,	
	(Unaudited)		2003	2002
Revenues:				
Software and service revenues	$1,476,181	$1,427,838	$3,035,676	$ 2,741,784
Professional services	94,400	95,576	188,436	56,072
Hardware sales	543,593	486,057	1,083,804	1,325,023
Total revenues	2,114,174	2,009,471	4,307,916	4,122,879
Cost of revenues:				
Software and service costs	272,912	172,071	611,894	573,690
Professional services	81,810	69,519	150,041	42,960
Hardware costs	395,167	373,169	797,956	1,144,956
Total cost of revenues	749,889	614,759	1,559,891	1,761,606
Gross profit	1,364,285	1,394,712	2,748,025	2,361,273
Operating expenses				
Selling and marketing	402,974	428,728	859,090	1,089,735
Research and development	221,457	200,715	403,686	533,396
General and administrative	832,599	873,423	1,694,053	1,891,443
Total operating expenses	1,457,030	1,502,866	2,956,829	3,514,574
Operating loss	(92,745)	(108,154)	(208,804)	(1,153,301)
Other (expense) income				
Loss on sale of securities available for sale	(2,657)	(33,219)	(44,081)	
			(32,457)	

Loss on sale of land and building held for sale				
Investment and interest income	254	1,515	8,482	23,744
Interest expense	(129,160)	(6,372)	(11,486)	(17,842)
Other	(1,706)	(497)	101	
Total other (expense) income	(133,269)	(38,573)	(79,441)	5,902
Loss before income taxes	(226,014)	(146,727)	(288,245)	(1,147,399)
Income tax benefit (provision) (Note 4)	(3,200)	(3,200)	44,959	(13,868)
Net loss	(229,214)	(149,927)	(243,286)	(1,161,267)
Other comprehensive income (loss), net of tax				
Unrealized holding loss during the period		(4,824)	(3,834)	(35,870)
Reclassification adjustment for losses included in net loss	3,834	22,990	36,645	
Other comprehensive income (loss)	3,834	18,166	32,811	(35,870)
Comprehensive loss	$ (225,380)	$ (131,761)	$ (210,475)	$ (1,197,137)
Basis and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.12)
Weighted-average number of common shares outstanding	9,214,768	9,273,408	9,267,808	9,343,504

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Statements of Stockholders Equity (Deficit) for the

Years Ended June 30, 2003 and 2002 and the Six Months Ended December 31, 2003

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Unearned Stock Compensation	Common Stock to be Redeemed	Accumulated Items of Other Comprehensive Income (Loss)	Notes Receivable (Note 8)	Ttoal Stockholders' Equity (Deficit)
Balance, June 30, 2001	9,228,392	$2,520,809	$153,332	$ 187,128	$	$	$ (775)	$(10,005)	$ 2,850,489
Common stock redeemed by ESOP	(103,304)	(48,173)							(48,173)
Common stock issued	148,328	1,823							1,823
Change in unrealized loss on securities available for sale, net							(35,870)		(35,870)
Notes receivable reduction								2,364	2,364
Loan against distribution			(2,000)						(2,000)
Net loss for the y ear				(1,161,267)					(1,161,267)
Balance, June 30, 2002	9,273,416	2,474,459	151,332	(974,139)			(36,645)	(7,641)	1,607,366
Stock options granted to employees			29,800		(28,558)				1,242
Common stock redeemed by ESOP	(52,000)	(18,678)							(18,678)
Change in unrealized							32,811		32,811

loss on securities available for sale, net									
Note receivable reduction								2,283	2,283
Net loss for the y ear				(243,286)					(243,286)
Balance, June 30, 2003	9,221,416	2,455,781	181,132	(1,217,425)	(28,558)		(3,834)	(5,358)	1,381,738
Discount on convertible promissory notes payable (Note 9)			12,533						12,533
Beneficial conversion feature on promissory notes payable (Note 9)			8,618						8,618
Stock compensation					3,726				3,726
Change in unrealized loss on securities available for sale, net							3,834		3,834
Note receivable reduction								1,375	1,375
Stock redemption payable						(44,220)			(44,220)
Redemption of shares	(26,184)	(7,730)				7,730			
Repricing of warrants (Note 9)			82,609						82,609
Net loss for the period				(229,214)					(229,214)
Balance, December 31, 2003 (unaudited)	9,195,232	$2,448,051	$284,892	$(1,446,639)	$(24,832)	$(36,490)	$	$ (3,983)	$ 1,220,999

See accompanying notes to consolidated financial statements.

CENTERGISTIC SOLUTIONS, INC.

Consolidated Statements of Cash Flows

	Six Months Ended December 31, 2003	2002	Years Ended June 30, 2003	2002
	(Unaudited)			
Cash flows from operating activities				
Net loss	**$(229,214)**	**$(149,927)**	$(243,286)	$(1,161,267)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:				
Depreciation and amortization	**112,687**	**116,000**	224,495	240,127
Provision for doubtful accounts	**20,014**	**9,583**	(18,018)	10,500
Stock compensation	**82,609**		1,242	
Non-cash interest expense	**35,564**			
Loss on sale of securities available for sale	**2,657**	**33,219**	44,081	
Loss on sale of land and building held for sale			32,457	
Deferred taxes, net				22,000
Increase (decrease) from changes in assets and liabilities:				
Trade receivables	**(127,659)**	**(172,959)**	(172,541)	392,975
Inventories	**(1,403)**	**(10,272)**	(11,240)	6,958
Prepaid expenses	**(1,500)**	**(81,530)**	2,406	33,101
Miscellaneous receivables	**(56,494)**	**(862)**	(33,291)	(9,566)
Deposits	**(1,126)**	**(1,545)**	(10,411)	(8,938)
Patent costs	**(5,269)**	**(1,008)**	(6,804)	1,531
Accounts payable	**127,372**	**36,722**	(48,139)	24,779
Accrued expenses	**56,369**	**92,696**	(1,010)	(68,169)
Deferred income	**34,365**	**8,752**	23,969	(21,265)
Net cash provided (used) by operating activities	**48,972**	**(121,131)**	(216,090)	(537,234)
Cash flows from investing activities				
Purchase of securities				(266,008)
Proceeds from sale of securities	**4,798**	**193,830**	269,382	
Additions to capitalized software development costs	**(11,065)**			(14,960)
Purchase of equipment	**(16,032)**	**(24,104)**	(84,749)	(30,096)
			148,396	

Net proceeds from sale of land and building held for sale				
Net cash (used) provided by investing activities	**(22,299)**	**169,726**	333,029	(311,064)

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Statements of Cash Flows (continued)

	Six Months Ended December 31, 2003	Six Months Ended December 31, 2002	Years Ended June 30, 2003	Years Ended June 30, 2002
	(Unaudited)			
Cash flows from financing activities				
Deferred offering costs	**(151,002)**	**(32,923)**	(47,690)	(10,000)
Principal payments on term loan and notes payable	**(60,000)**	**(355,258)**	(320,381)	(95,456)
Borrowings on short-term debt	**460,000**	**99,992**		385,000
Borrowings from officers			24,975	
Certificate of deposit held as collateral for note payable		**171,722**	171,722	(7,146)
Repurchase of common stock	**(7,730)**	**(7,202)**	(18,678)	(50,173)
Common stock issued for cash				1,823
Payments received on note receivable	**1,375**	**949**	2,283	2,364
Net cash provided (used) by financing activities	**242,643**	**(122,720)**	(187,769)	226,412
Net increase (decrease) in cash and cash equivalents	**269,316**	**(74,125)**	(70,830)	(621,886)
Cash and cash equivalents, beginning of period	**32,012**	**102,842**	102,842	724,728
Cash and cash equivalents, end of period	**$ 301,328**	**$ 28,717**	$ 32,012	$ 102,842
Supplemental Disclosures of Cash Flow Information:				
Cash payments (refunds) for:				
Interest	**$ 4,277**	**$ 6,372**	$ 11,485	$ 17,842
Income tax payments (refunds)	**$ 3,997**	**$ 5,573**	$ (45,956)	$ (18,817)

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Consolidated Statements of Cash Flows (continued)

Supplemental Disclosures of Non-Cash Investing and Financing Activities:

During the six months ended December 31, 2003, in conjunction with the private debt offering discussed in Note 9, a vendor converted $30,000 of accounts payable owed to a convertible promissory note.

During the six months ended December 31, 2003, the Company issued warrants to purchase common stock as part of a private placement of debt. The estimated fair value of the warrants was $12,533. In connection with the private placement, the Company reclassified $53,616 of deferred offering costs to debt discount as these costs were previously incurred for a pending financing transaction. The cost of the debt discount is being accreted as non-cash interest expense over the term of the financing.

During the six months ended December 31, 2003, the Company agreed to purchase its common stock from a shareholder (Note 5). The Company issued a note payable for $44,220 and recorded common stock to be redeemed as an offset to stockholders equity (deficit). During that period, the Company paid down the note payable by redeeming a total of $7,730 of common stock.

As of December 31, 2003, the Company accrued $82,500 as the estimated value of the 200,000 shares of common stock to be issued under the Hanover agreements discussed in Note 9.

See accompanying notes to consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

1. Nature of Business

Nature of Business

Centergistic Solutions, Inc. (the Company) was incorporated in the State of California on March 10, 1972. On October 18, 1999, the Company affected a name change to Centergistic Solutions, Inc.

The Company provides integrated information distribution and reporting systems, serving both general business and contact center environments. The products provide critical information throughout the enterprise to help companies improve performance and increase personnel productivity.

Affinitec Corporation (Affinitec), a wholly owned subsidiary, manufactures and distributes software that enables automatic call distribution management system users to obtain sophisticated reporting and communications tools to help manage their work force, forecast staffing requirements, and schedule their agents. The operations of this entity were merged into that of the parent company during fiscal 2001.

Substantially all of the remaining operations are conducted by the Company s Mexican subsidiary, Centergistic Solutions, S. DE R.L. DE D.V. (formerly known as AAC de Latin America). The Mexican operations distribute products of its parent, as well as other telecommunications products from third parties.

LYA, Inc., a wholly owned subsidiary, is a consulting business for call centers and the telecommunications industry.

2. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited interim financial statements as of December 31, 2003 and for the six-month periods ended December 31, 2003 and 2002 included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) and disclosures which are necessary for a fair presentation. The results of operations for the six month period ended December 31, 2003 are not necessarily indicative of the results for the full year.

Principles of Consolidation

The accompanying consolidated financial statements for the six months ended December 31, 2003 and 2002 and the years ended June 30, 2003 and 2002 include the accounts of the Company and its wholly owned subsidiaries, Affinitec Corporation (Affinitec), Centergistic Solutions, S. DE R.L. DE D.V. (Centergistic Solutions Mexico) and LYA, Inc. (LYA). All significant intercompany accounts and transactions have been eliminated.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Management s Plans / Liquidity

During the year ended June 30, 2003, the Company incurred a net loss of $243,286 and an operating loss of $208,804, which includes depreciation and amortization of $224,495, and, as of June 30, 2003, the Company had working capital of $662,415. The Company demonstrated significant cost reductions during the year ended June 30, 2003, as the operating loss improved to $208,804 from $1,153,301 in the prior year. This was achieved on a 4% increase in revenue, of $185,037. The Company has reduced headcount and general expenses levels, and anticipates revenue growth through an improved economy, targeted sales and marketing efforts, the addition of strategically placed sales personnel, and expects the profit improvement trend to continue this year and produce operating profits throughout the next year.

Additionally, as further discussed in Note 9, the Company has completed a private offering of debt, raising gross proceeds of $490,000. The Company plans to use these proceeds to file a registration statement on Form SB-2, to begin funding its sales and marketing expansion programs and to fund current operating expenses, as necessary. With this debt financing, management believes the Company has sufficient cash and working capital to meet its needs during the next year. The Company further contemplates an equity round of $3,000,000 during the next year once the registration is completed and assuming the continuing improvement in the public financial markets.

Segment Reporting

The Company adopted Statement of Financial Accounting Standard (SFAS) No. 131, Disclosures About Segment of an Enterprise and Related Information, beginning July 2003. SFAS 131 establishes standards for the way to report information about operating segments and related disclosures about products and services, geographic areas, and major customers in financial statements. The Company views its operations and manages its business in three segments: Centergistic Solutions, Centergistic Solutions Mexico and LYA.

The following represents the total assets by segment:

		June 30,	
	December 31, 2003	**2003**	**2002**
Centergistic Solutions	$ 5,194,965	$ 4,677,150	$ 5,341,534
Centergistic Solutions Mexico	620,805	599,174	498,169
	5,815,770	5,276,324	5,839,703
Eliminations	(3,357,904)	(3,331,136)	(3,348,301)

Total consolidated assets	$ 2,457,866	$ 1,945,188	$ 2,491,402

The total assets for LYA are not significant and are included in those of Centergistic Solutions.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Segment Reporting (continued)

The following represents the revenues, gross profit and net income (loss) by segment:

	Six Months Ended December 31,		Year Ended	Year Ended
	2003	2002	June 30, 2003	June 30, 2002
Centergistic Solutions Revenues	$1,486,978	$1,374,122	$2,877,002	$ 2,966,805
Gross profit	$1,091,863	$1,040,337	$2,072,179	$ 1,807,815
Net income (loss)	$ (220,781)	$ (207,493)	$ (405,351)	$(1,182,444)
Centergistic Solutions Mexico Revenues	$ 532,796	$ 539,773	$1,242,478	$ 1,100,002
Gross profit	$ 259,832	$ 328,318	$ 637,451	$ 540,346
Net income (loss)	$ (17,688)	$ 41,412	$ 116,068	$ (19,255)
LYA Revenues	$ 94,400	$ 95,576	$ 188,436	$ 56,072
Gross profit	$ 12,590	$ 26,057	$ 38,395	$ 13,112
Net income (loss)	$ 9,255	$ 16,154	$ 45,997	$ 40,432

Net Loss Per Share

In accordance with the provisions of SFAS No. 128, Earnings Per Share, the Company is required to disclose basic and diluted earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss), by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per chare is similar to basic earnings (loss) per share, except that the weighted average number of common shares outstanding is increased to reflect the dilutive effect of potential common shares, such as those issuable upon the exercise of stock or warrants, and the conversion of preferred stock, as if they had been issued.

On January 19, 2004, the Board of Directors approved an amendment to the articles of incorporation including the number of authorized shares of common stock to 80,000,000 and an 8:1 forward split of shares outstanding. All share and per share amounts for the periods presented in the financial statements have been retroactively adjusted for the effects of this stock split.

For all periods presented, there is no difference between basic and diluted loss per common share, as the effects of stock options or warrants and conversion of preferred stock are anti-dilutive, given the net loss applicable to common shares for each period.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivable.

The Company maintains its cash balances at financial institutions that management believes possess high-credit quality, and related cash balances are insured by the Federal Deposit Insurance Corporation up to $100,000 and the Securities Investor Protection Corporation up to $500,000. At December 31, 2003 and June 30, 2003 and June 30, 2002, the Company did not have any amounts held in the bank in excess of federally insured limits.

Management believes that concentrations of credit, with respect to trade receivables, are minimized by the Company s customer base. As of December 31, 2003, June 30, 2003 and 2002 the Company s largest customer accounted for 3%, 18% and 7% of total trade receivables, respectively. For each of the six months ended December 31, 2003 and 2002, the Company s largest customer accounted for 26% of total Company net revenues and for the years ended June 30, 2003 and 2002, the Company s largest customer accounted for 31% and 32%, respectively, of the total Company net revenues. There were no other customers that exceeded 10% of such amounts as of each respective period-end.

As of December 31, 2003, June 30, 2003 and 2002, customers of the Company s Mexican subsidiary accounted for 35%, 45% and 41% of total trade receivables, respectively. For each of the six months ended December 31, 2003 and 2002 and for the years ended June 30, 2003 and 2002, sales to customers of the Company s Mexican subsidiary account for 25%, 27%, 29% and 27%, respectively, of total Company net revenues.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Securities Available for Sale

The Company classifies its entire investment portfolio as available for sale and values it at fair value (based upon specific identification). Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Unrealized gains or losses are reported as increases or decreases in stockholders equity as other items of comprehensive income (loss), net of the related deferred tax effect. Realized gains or losses are determined on the basis of the cost of specific securities sold and are included in the statements of operations and comprehensive income (loss).

Inventories

Inventories consist primarily of purchased computer hardware and software, which are stated at the lower of cost (specific identification method) or market value.

Property, Equipment, and Leasehold Improvements

Depreciation is provided using the straight-line method over the following estimated useful lives:

Building	31 years
Office and computer equipment	3-7 years
Trade show equipment	5-10 years

Improvements to leased property are amortized over the lesser of the life of the lease, or the estimated life of the improvements. Repairs and maintenance expenditures that do not significantly add to the value of the property, or prolong its life, are charged to expense, as incurred. Gains and losses on dispositions of property and equipment are included in the operating results of the related period.

Capitalized Software Development Costs

Research and development, which includes design, development, and testing of new software, software maintenance, and enhancement costs, is expensed as incurred until technological feasibility has been established for the product. Technological feasibility is defined as a completion of detail program design. Thereafter, certain costs, such as coding and testing, are capitalized until the product is available for general release to customers.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Capitalized Software Development Costs (continued)

Software costs are amortized on a product-by-product basis using the straight-line method over the remaining estimated economic life of the software product, which is typically three to five years. Actual future sales and remaining economic life of the product could differ significantly from these estimates. Amortization of software costs for the six months ended December 31, 2003 and 2002 was $62,065 and $69,748, respectively, and for the years ended June 30, 2003 and 2002 was $139,495 and $148,927, respectively, and is included general and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

The following describes the components of capitalized software development costs as of December 31, 2003 and June 30, 2003 and 2002 and the related estimated lives:

	Date Technological Feasibility Established	Estimated Life
CenterStats	December 2001	5 years
AgentView	June 1999	5 years

The following summarizes the costs capitalized by product as of December 31, 2003 and June 30, 2003 and 2002:

		June 30,	
	December 31, 2003	2003	2002
CenterStats	$ 398,998	$ 389,998	$ 389,998
AgentView	307,476	307,476	307,476
Fully amortized products	1,146,677	1,144,613	1,144,613
	1,853,151	1,842,087	1,842,087
Accumulated amortization	(1,597,596)	(1,535,532)	(1,396,037)
	$ 255,555	$ 306,555	$ 446,050

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Goodwill

Through fiscal year 2002, goodwill was amortized over ten years using the straight-line method. In fiscal year 2003, upon adoption of SFAS No. 142, Goodwill and Other Intangible Assets, the Company ceased amortizing such goodwill. The Company continues to periodically review the unamortized balance of goodwill in accordance with the provisions of SFAS No. 142. As of June 30, 2003, the Company prepared a discounted cash flow analysis for future operations of the LYA subsidiary, from which the goodwill originated. As of June 30, 2003, such analysis resulted in no impairment.

However, the Company expects the goodwill will be impaired at June 30, 2004 upon conclusion of a contract, under which LYA generates revenues.

The transitional effects of accounting for the change from amortization of goodwill are summarized as follows:

	Six Months Ended December 31,		Year Ended June 30,	
`	2003	2002	2003	2002
Reported net loss	$(229,214)	$(149,927)	$(243,286)	$(1,161,267)
Add back amortization of goodwill in period				13,200
Adjusted net loss	$(229,214)	$(149,927)	$(243,286)	$(1,148,067)
Basic and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.12)
Add back amortization of goodwill in period				
Adjusted net loss	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.12)

Deferred Offering Costs

The Company has engaged the services of investment bankers to assist with the potential funding of future operations through private investors. As of December 31, 2003, June 30, 2003 and 2002, the Company capitalized a net amount of $281,826, $122,690 and $75,000, respectively, for these services and such are included in the accompanying consolidated balance sheets as deferred offering costs. During the six months ended December 31, 2003, the Company completed a debt offering (Note 9). As part of this transaction, the Company reclassified $53,615 from deferred offering costs to a contra-liability account. Such amount represented that portion of the balance that related directly to the costs of issuing the notes payable discussed in Note 9. The remaining capitalized deferred offering costs relate to a pending equity transaction. There can be no assurance that the Company will receive funding from private investors. If the Company is able to receive private funding, the deferred offering costs will be offset against the proceeds received; otherwise, such will be expensed when the offering efforts are terminated.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Long-Lived Assets

Through fiscal year 2002, the Company accounted for the impairment and disposition of intangible and long-lived assets in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets to be Disposed Of. In accordance with SFAS No. 121, intangible and long-lived assets to be held were reviewed by management for events or changes in circumstances, which indicate that their carrying value may not be recoverable. An asset was deemed impaired if the sum of the expected future cash flows was less than the carrying amount of the asset. As of June 30, 2002, management noted no indicators of impairment under such standard, except as discussed in Note 8 for the building held for sale.

During fiscal year 2003, the Company adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses significant issues relating to the implementation of SFAS No. 121 and develops a single accounting model, based on the framework established in SFAS No. 121 for long-lived assets to be disposed of by sale, whether such assets are or are not deemed to be a business. SFAS No. 144 also modifies the accounting and disclosure rules for discontinued operations. Implementation of such standard has not had a material effect on the accompanying consolidated financial statements. Additionally, under this standard, as of December 31, 2003 and June 30, 2003, management noted no indicators of impairment.

Debt Issuance Costs

Costs related to the issuance of debt are recorded as a contra-liability account and are amortized over the term of the related debt.

Accounting for Stock-based Compensation

The Company has adopted SFAS No. 123, Accounting for Stock-based Compensation, as amended by SFAS No. 148, Accounting for Stock-based Compensation-Transition and Disclosure, which establishes financial accounting and reporting standards for stock-based compensation. SFAS No. 123 generally suggests, but does not require, stock-based employee compensation transactions be accounted for based on the fair value of the consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable. Companies that do not elect to change their accounting for stock-based employee compensation are required to disclose the effect on net income as if the provisions of SFAS No. 123 were followed. The Company has decided to retain the provisions of APB Opinion No. 25, and related interpretations thereof, for recognizing stock-based employee compensation expense, which includes members of the board of directors. Non-employee stock compensation is recorded at fair value in accordance with SFAS No. 123.

CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Accounting for Stock-based Compensation (continued)

In accordance with APB Opinion No. 25, the Company has incurred compensation cost aggregating $61,980 through December 31, 2003 for stock option grants, of which $3,726 and $0 was recognized during the six month periods ended December 31, 2003 and 2002, respectively, and $1,242 and $0 was recognized in fiscal years 2003 and 2002, respectively. Had compensation cost for the stock-based compensation plan been determined based on the fair value of awards (the method described in SFAS No. 123), the reported net loss would have been as shown below:

	Six Months Ended December 31,		Years Ended June 30,	
	2003	**2002**	**2003**	**2002**
Net loss, as reported	$(229,214)	$(149,927)	$(243,286)	$(1,161,267)
Add: Stock compensation expense recorded in accordance with APB Opinion No. 25	3,726		1,242	
Deduct: Total stock-based employee compensation expense determined under fair value based method for all stock options, net of related tax effects	(31,831)	(46,682)	(70,906)	(91,067)
Pro forma net loss	$(257,319)	$(196,609)	$(312,950)	$(1,252,334)

The fair value of each grant is estimated at the grant date using the following assumptions: no stock price volatility; no dividends for all years; risk-free interest rates of 2.00% and 5.50% for the six-month periods ended December 31, 2003 and 2002, respectively, and 3.99% and 5.50% in fiscal years 2003 and 2002, respectively; and expected lives of ten years for all grants.

Income Taxes

The Company utilizes the liability method of accounting for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Deferred income taxes are recognized based on the differences between financial statement and income tax bases of assets and liabilities using the enacted statutory rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets and liabilities.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company typically provides bundled software and services through a distributor network. Each component of a bundled solution is separately identified based upon vendor specific objective evidence. The components of revenue are recognized as follows:

§ Software license fees for site licenses and master license agreements are recognized as revenue upon delivery of the software, and when remaining obligations are not significant. The Company s software licensing agreement provides the customer with a 90-day warranty and return provision, including a limited time to test the software. If the customer can prove that the software is not functioning, the Company has the opportunity to remedy the problem and, if not resolved, the customer may return the software. The Company considers the need for a reserve for warranty and returns on a quarterly basis; however, such occurrences have historically not been significant.

§ Advance contract payments for software services, consisting primarily of software maintenance and support, are recorded as deferred income until the services are provided. After the expiration of the software license warranty period, the Company commences recognition of the contract payments ratably over the term of the maintenance period. All subsequent software maintenance and support is billed separately and recognized ratably over the life of the maintenance period.

§ Revenues from software sold to distributors are recognized upon delivery since title passes upon delivery. The distributor is subject to a restocking fee of 10%-25% if an order is returned; however, historically, such returns have been insignificant. Special orders are non-cancelable.

§ Software and service revenues include services related to maintenance, time and materials contracts, installation and training. Such revenues are recognized as the services are rendered.

§ Revenues from the sale of computer and display hardware are recognized upon shipment, which is generally concurrent with the passage of title.

§ Professional services revenues are derived from the services provided by the Company s consulting business. Such revenues are recognized as the services are rendered.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections. SFAS No. 145 rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. In addition, SFAS No. 145 amends SFAS No. 13 on leasing to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. Provisions of SFAS No. 145 related to the rescission of Statement No. 4 are effective for financial statements issued by the Company after January 1, 2003. The provisions of the statement related to sale-leaseback transactions were effective for any transactions occurring after May 15, 2002. All other provisions of the statement were effective as of the end of the second quarter of 2002. The changes required by SFAS No. 145 have not had any impact on the results of operations, financial position or liquidity of the Company.

In July 2002, SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities was issued. SFAS No. 146 requires companies to recognize costs associated with the exit or disposal of activities as they are incurred rather than at the date a plan of disposal or commitment to exit is initiated. Types of costs covered by SFAS No. 146 include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, facility closing, or other exit or disposal activity. SFAS No. 146 will apply to all exit or disposal activities initiated after December 31, 2002. Adoption of the provisions of SFAS No. 146 has not had any impact on the Company s financial results.

In May 2003, the SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity was issued. Such statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires mandatory redeemable financial instruments to be classified within the liability section of the balance sheet. The statement is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. Any such transaction entered into subsequent to May 15, 2003 is to be classified immediately within the liability section of the balance sheet. For non-public companies, SFAS No. 150 is effective for fiscal years beginning after December 15, 2003. Upon adoption, the Company does not anticipate a material impact on its consolidated financial statements.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities, which was revised in December 2003. FIN 46 requires an investor with a majority of the variable interests in a variable interest entity to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A variable interest entity is an entity in which the equity investors do not have a controlling interest or the equity investment at risk is insufficient to finance the entity s activities without receiving additional subordinated financial support from the other parties. The Company does not believe that it has any investments in variable interest entities that will require consolidation.

Reclassifications

Certain reclassifications have been made to the June 30, 2003 and 2002 consolidated financial statements to conform to the presentation used in the consolidated financial statements as of December 31, 2003.

3. Securities Available for Sale

The carrying amount and fair value of securities available for sale are summarized as follows:

		June 30,	
	December 31, 2003	2003	2002
Equity securities	$	$ 8,602	$ 444,344
Less: Gross unrealized losses		(3,834)	(36,645)
Fair value		4,768	407,699
Less: Margin debt		(1,147)	(123,426)
	$	$ 3,621	$ 284,273

Realized gains and realized losses calculated, using the specific identification method, were as follows:

	Six Months Ended December 31,		Years Ended June 30,	
	2003	2002	2003	2002
Realized gains	$	$	$	$
Realized losses	$2,657	$33,219	$44,081	$

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

4. Income Taxes

Net deferred taxes as of June 30 consist of the following components:

	2003	2002
Deferred tax liabilities:		
Capitalized software development costs	$ (122,114)	$ (177,681)
Deferred tax assets:		
Net operating loss carryforwards	903,340	879,742
Write-down of building		94,105
State taxes	12,122	1,978
Accrued expenses	22,137	22,934
Accounts receivable	14,333	21,511
Stock-based compensation	12,157	(7,344)
	964,089	1,012,926
Less valuation allowance	(841,975)	(835,245)
	122,114	177,681
Net deferred tax assets (liabilities)	$	$

Components of income tax benefit (provision) for the years ended June 30 are as follows:

	2003	2002
Current:		
Federal	$ (48,956)	$ 8,068
State	3,997	5,800
	(44,959)	13,868
Deferred:		
Federal	$	$
State		
	$ (44,959)	$ 13,868

The income tax benefit (provision) differs from the amount of income tax determined by applying the statutory income tax rate due to the following:

	2003	2002

Computed expected statutory expense (benefit)	$(109,972)	$(394,831)
Increase in rate resulting from:		
State income taxes, net of federal benefit	2,638	3,800
Change in valuation allowance	109,359	375,875
Federal income tax refund	(48,956)	
Other	1,972	1,288
	$ 44,959	$ (13,868)

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

4. Income Taxes (continued)

The Company s Mexican subsidiary was reorganized in 1997 to be treated for U.S. tax purposes as a pass-through entity. For Mexican tax purposes, this subsidiary files separate income tax returns, which include only the income of that subsidiary. The U.S. federal income tax return includes only domestic taxable income.

At June 30, 2003, the Company had federal and state net operating loss carryforwards of approximately $2.6 million and $1.5 million, respectively, expiring through 2021 and 2006, respectively. Realization of future tax benefits from utilization of the net operating loss carryforwards may be subject to certain limitations if ownership changes occur in the future. As of June 30, 2003, the Company has a net operating loss of $122,000 available to offset future Mexican income. The Mexican net operating losses begin to expire in 2003. At June 30, 2003, the Company had fully reserved for the net operating losses as a result of reduced estimates of future taxable income of the Mexican subsidiary. As of June 30, 2003, the Company had fully reserved for the domestic net operating losses since management could not determine that they are more likely than not to be realized.

5. Notes Payable

Term Loan

In fiscal year 2002, the Company had a revolving credit agreement (the Agreement) with a bank to provide for short-term financing. Under the terms of the Agreement, the Company could borrow up to $1,000,000, limited to certain percentages of eligible accounts receivable on a company-by-company basis. Interest on the Agreement was at the bank s prime rate, plus 1.00%. The Agreement was secured by substantially all assets of the Company.

During fiscal 2002, the Company converted the outstanding balance under the Agreement of $385,000 to a term loan with the same bank. The term loan bore interest at 5.75% and matured on August 1, 2002 and was secured by substantially all assets of the Company.

Through August 1, 2002, the Company was required to maintain a $150,000 certificate of deposit with the bank as a condition to the Agreement and term loan. The aggregate amount of the certificate of deposit, including interest of $21,722 at June 30, 2002, was segregated into a separate caption in the accompanying consolidated balance sheet at June 30, 2002. On August 1, 2002, the balance of the certificate of deposit was offset against the outstanding balance of the term loan and remaining balance, approximately $141,600, was extended to April 2003. As of June 30, 2003, the Company was in default of the term loan. However, on September 9, 2003, the Company paid off this loan in full.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

5. Notes Payable (continued)

Note Payable

As of June 30, 2002, note payable consisted of a note payable to a bank with a balance of $49,132. Such was due in monthly installments of $4,285, including interest at the bank s prime rate, plus 1.75%. The note was secured by land and a building, and was paid in full in February 2003 upon sale of the land and building (Note 8).

Notes Payable to Officers

On December 31, 2002, the Company entered into two notes payable to two of its officers for an aggregate $24,975. Such notes bear interest at 6% and the principal and interest are due and payable on demand. These notes are secured by all of the assets of the Company.

Note Payable to Shareholder

In July 2003, the Company agreed to purchase 148,328 shares of common stock from a former employee for $44,220 and issued a secured promissory note payable in such amount. The note bears interest at 5% per annum, and monthly payments in the amount of $2,750 are due and payable on the note commencing after September 30, 2003. As each payment is made, the Company may cancel and retire 8,728 shares. Payment of the note is secured by substantially all of the Company s assets.

6. Commitments and Contingencies

Lease Commitments

The Company leases office space and certain office equipment under various operating leases, which expire on various dates through 2008. Total rent expense for the six months ended December 31, 2003 and 2002 was $76,666 and $92,838, respectively, and for the years ended June 30, 2003 and 2002 total rent expense was $186,869 and $203,626, respectively.

As of June 30, 2003, future commitments under noncancelable operating leases are as follows:

Year Ending June 30,	
2004	$ 102,712
2005	105,527
2006	108,342
2007	104,595
2008	105,223
	$ 526,399

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

6. Commitments and Contingencies (continued)

Off-Balance Sheet Arrangement

The Company provides indemnifications of varying scope and size to certain customers against claims of intellectual property infringement made by third parties arising from the use of the Company s products. Management evaluates estimated losses for such indemnifications under SFAS No. 5, Accounting for Contingencies, as interpreted by FASB Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees. Management considers such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. As of June 30, 2003 and December 31, 2003, the Company has not encountered material costs as a result of such obligations and has not accrued any liabilities related to such indemnifications in the accompanying consolidated financial statements.

401(k) Plan

The Company offers a 401(k) plan to all employees with at least three months of service and will match 50% of each employee s contributions, up to 4% of the employee s salary. The Company paid $8,781 and $6,456 in matching contributions during the six months ended December 31, 2003 and 2002, respectively, and $14,969 and $9,881 for the years ended June 30, 2003 and 2002, respectively.

Employee Stock Ownership Plan

The Company has an employee stock ownership plan (ESOP), which covers substantially all employees. The costs of administrating the ESOP are borne by the Company. Annual contributions to the employee stock ownership trust (the Trust), which may be made in cash or common stock of the Company, are made at the discretion of the Company s board of directors. Participants become 20% vested in their account balances after three years of continuous service, and 20% per year thereafter, and become fully vested upon completion of seven years of service. The Company made no contributions to the ESOP during the years ended June 30, 2003 and 2002. Substantially all of the Trust s assets are invested in the common stock of the Company.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

6. Commitments and Contingencies (continued)

Employee Stock Ownership Plan (continued)

In the event that a terminated plan participant desires to sell his or her shares of the Company s stock, the Company may be required to repurchase the shares from the participant at their fair market value. During the years ended June 30, 2003 and 2002, the total shares repurchased by the Company were 52,000 and 103,304, respectively. There were no such shares purchased by the Company during the six-month periods ended December 31, 2003 and 2002. The estimated fair value of the 2,060,600 shares owned by the ESOP at December 31, 2003 and June 30, 2003, including those shares not vested, is approximately $850,000, which is based upon an independent appraisal as of June 30, 2003.

Employment Agreement

In July 1997, the Company entered into an employment agreement with a former officer and director, pursuant to which this individual is currently entitled to receive a monthly salary of $1,000. He is also entitled to health insurance and other employee benefits generally available to other employees. His employment agreement as amended, terminates on June 30, 2005, unless sooner terminated upon the occurrence of certain events specified therein. Even if the Company terminates him without cause, his employment agreement provides that he is entitled to continue to receive the monthly salary during the remaining term of his employment agreement.

7. Stockholders Equity

Stock Option Plans

The stockholders of the Company have approved the Centergistic Solutions, Inc. Incentive Stock Option Plan (the Plan), which provides for the issuance of up to 2,800,000 shares of its common stock. Options granted under the Plan are not exercisable until two years after they are issued and expire ten years after the date of issue. The options vest at a rate of 25% per year over a four-year period. At December 31, 2003, 640,400 shares were available for grant under the terms of this Plan.

In January 1998, the stockholders of the Company approved a nonqualified stock option plan for the directors of the Company. The plan provides for issuance of up to 800,000 shares of its common stock to directors. Options are granted based on attendance at board meetings. At December 31, 2003, 556,800 shares were available for grant under the terms of this plan.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

7. Stockholders Equity (continued)

Stock Option Plans (continued)

A summary of the status of the plans, and changes during the six months ended December 31, is as follows:

	2003		2002	
Fixed Options	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding at beginning of period	**2,006,000**	**$ 0.56**	1,644,000	$ 0.62
Granted	**396,800**	**0.40**	16,000	0.40
Outstanding at end of period	**2,402,800**	**$ 0.54**	1,660,000	$ 0.62
Exercisable at end of period	**1,474,200**	**$ 0.63**	1,292,400	$ 0.63
Weighted average fair value of options granted during the period		**$ 0.40**		$ 0.40

A summary of the status of the plans, and changes during the years ended June 30, is as follows:

	2003		2002	
Fixed Options	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding at beginning of year	**1,644,000**	**$ 0.56**	1,896,800	$ 0.62
Granted	**362,000**	**0.32**	35,200	0.47
Cancelled / expired			(288,000)	0.37
Outstanding at end of year	**2,006,000**	**$ 0.56**	1,644,000	$ 0.62
Exercisable at end of year	**1,413,600**	**$ 0.64**	1,150,400	$ 0.66
Weighted average fair value of options granted during the year		**$ 0.32**		$ 0.47

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

7. Stockholders Equity (continued)

Stock Option Plans (continued) A summary of stock options outstanding at December 31, 2003 is as follows:

	Options Outstanding			Options Exercisable	
Fixed Options	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.30 to $0.47	1,190,000	8.27	$ 0.38	337,000	$ 0.42
$0.52 to $0.79	1,212,800	4.71	0.69	1,137,200	0.69
	2,402,800		$ 0.54	1,474,200	$ 0.63

A further summary of stock options outstanding at June 30, 2003 is as follows:

	Options Outstanding			Options Exercisable	
Fixed Options	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.30 to $0.47	793,200	7.25	$ 0.37	278,000	$ 0.43
$0.52 to $0.79	1,212,800	4.71	0.69	1,135,600	0.69
	2,006,000		$ 0.56	1,413,600	$ 0.64

Common Stock Purchase Warrants

In connection with the purchase of Affinitec, the Company issued common stock purchase warrants. The warrants entitle the holder to purchase 1,040,296 shares of common stock at $0.789 per share, which were exercisable at any time prior to June 17, 2003. None of these warrants were exercised, and such warrants have expired.

In conjunction with a subordinated debt financing with a related party in 1998, the Company issued warrants to purchase 480,000 shares of common stock at $0.676 per share, which are exercisable at any time prior to September 2005. All of these warrants were outstanding at December 31, 2003.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

7. Stockholders Equity (continued)

Common Stock Purchase Warrants (continued)

In connection with the agreement to sell the rights to the proceeds from an outstanding lawsuit in fiscal year 2001, the Company issued warrants (the Fiscal 2001 Warrants) to purchase 4,528,000 shares of common stock at $0.4375 per share, which are exercisable at any time prior to September 2005. Pursuant to the terms of the Fiscal 2001 Warrants, should the Company issue a warrant or stock option to any person or entity who is not an employee, director or consultant of the Company providing for an exercise price of less than $0.654 per share, then the exercise price of the Fiscal 2001 Warrants shall be reduced to 110% of the lowest such exercise price (the Anti-dilution Provision). In accordance with the provisions of SFAS No. 123, the value of the lawsuit warrants was estimated to be $101,332. All of these warrants were outstanding as of December 31, 2003.

Notes Receivable

Notes receivable are due from two officers to purchase stock from another stockholder and are recorded as an offset to stockholders equity (deficit). In March 2000, one of the notes was cancelled upon maturity by the officer and the remaining 53,272 shares of common stock to be purchased under the note agreement were retired by the Company. The remaining note bears interest at 6%, is collateralized by the common stock purchased, and is payable in semi-monthly installments. The note was originally due to expire in March 2000, but was subsequently extended through June 2005.

8. Land and Building Held for Sale

During the year ended June 30, 1999, the Company moved its East Coast branch operations to a single headquarters. As a result, the Company began seeking a buyer for the land and building that was formerly occupied.

During fiscal year 2001, the Company wrote down the value of the building by $52,698 to its estimated net realizable value, which was based upon a July 2001 offer to purchase the building for $170,000.

During fiscal year 2003, the Company sold the land and building for net cash proceeds of $148,396. The net loss on the sale was $32,457 and is recorded in the accompanying consolidated statement of operations and comprehensive income (loss). Additionally, the remaining balance of the note payable to a bank (Note 5) was paid in full.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

9. Private Placement of Debt

In consideration for entering into the Notes, the Company also issued warrants (the Notes Warrants) entitling the note holder to purchase shares up to an aggregate of 74,016 shares of the Company s common stock that will be received by the note holder upon conversion of the Notes discussed above. The Notes Warrants are exercisable in whole, but not in part, at any time from the date of issuance of the Notes Warrants and ending on August 31, 2005 at a price of $0.3975 per share of common stock. The Company estimated the value of these warrants at $8,618, which is being accreted as non-cash interest expense over the term of the Notes.

Of the aggregate loan amount of $490,000, an aggregate $70,000 was loaned by two officers and a relative of an officer with an aggregate of 10,576 warrants being issued to such individuals.

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CENTERGISTIC SOLUTIONS, INC.

Notes to Consolidated Financial Statements
(Information with Respect to the Six Months Ended December 31, 2003 and 2002 is Unaudited)

9. Private Placement of Debt (continued)

In connection with the above-described transactions, the Company paid, as a financial consulting fee, $20,750 in cash and issued warrants, exercisable at a price of $0.466 per share to purchase 44,512 shares of common stock. The Company estimated the value of the warrants at $3,915 which was recorded as a debt discount. The financial consulting fee and warrants are being accreted as non-cash interest expense over the term of the Notes.

Upon issuance of the Notes, the Company reclassified $53,615 of related costs from deferred offering costs to a contra-liability account. Such is being accreted as non-cash interest expense over the term of the Notes.

Pursuant to the Anti-dilution Provision of the Fiscal 2001 Warrants discussed in Note 7, such warrants were repriced to $0.4375 upon issuance of the Notes Warrants. As such, the Fiscal 2001 Warrants were revalued in accordance with SFAS No. 123, resulting in additional expense of $82,609. Such amount was recorded as effective interest expense in the accompanying consolidated statement of operations and comprehensive income (loss) for the six months ended December 31, 2003.

On July 1, 2003, the Company also entered into two consulting agreements with Hanover Capital Corp. (Hanover) pursuant to which the Company agreed to pay to Hanover a monthly retainer of $5,000 for a period of 12 months, but cancelable by either party at any time with ten days written notice prior to the end of each monthly period. The Company also agreed to issue shares of common stock to Hanover as follows: (i) 200,000 shares upon filing of the Company s proposed registration statement or Form SB-2; (ii) 50,000 shares upon completion of a forward split of the Company s common stock; and (iii) 100,000 shares upon approval of the proposed Form SB-2.

10. Events Subsequent to June 30, 2003

In October 2003, under the Plan discussed in Note 7, the Company s Board of Directors approved the issuance of 380,800 stock options. In November 2003, the stockholders of the Company approved an amendment to the Stock Option Plan (Note 7) whereby the number of issuable shares was increased to 2,800,000.

As of December 31, 2003, the Company accrued $82,500 as the estimated value of the 200,000 shares of common stock to be issued under the Hanover agreements discussed in Note 9.

On January 19, 2004, the Board of Directors approved an amendment to the articles of incorporation including the number of authorized shares of no par common stock to 80,000,000 and an 8:1 forward split of shares outstanding. All share and per share amounts for the periods presented in the financial statements have been retroactively adjusted for the effects of this stock split.

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All dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

CENTERGISTIC SOLUTIONS, INC.

PROSPECTUS

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Bylaws empower us to indemnify our directors and officers against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with civil or criminal actions, suits or proceedings against such persons by reason of serving or having served as officers, directors, or in other capacities, if such person acted in good faith and in a manner such person reasonably believed to be in our best interests, and in a criminal action or proceeding, had no reason to believe that such person s conduct was unlawful. If any such person has been successful on the merits in defense of any such action, suit or proceeding, our Bylaws required us to indemnify such person against expenses actually and reasonably incurred in connection therewith. Indemnification as provided in our Bylaws shall be made only as authorized in a specific case and upon a determination that the person met the applicable standards of conduct. We are also empowered under our Articles of Incorporation and Bylaws to enter into indemnifications agreements with our directors, officers, employees and other agents and to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition, our Articles of Incorporation provide that, to the fullest extent permitted by California law, our directors will not be liable for monetary damages for breach of the directors fiduciary duty of care to us and our shareholders. This provision in the Articles of Incorporation does not eliminate the duty of care, and in appropriate circumstances, equitable remedies such as an injunction or other forms of non-monetary relief would remain available under California law. Each director will continue to be subject to liability for breach of the director s duty of loyalty to us, for acts or omissions not in good faith or involving intentional misconduct or knowing or culpable violations of law that the director believes to be contrary to our best interests or the best interests of our shareholders, for acts or omissions involving a reckless disregard for the director s duty to us or our shareholders when the director was aware or should have been aware of a risk of serious injury us or our shareholders, or an unexcused pattern of inattention that amounts to an abdication of the director s duty to us or our shareholders, for improper transactions between the director and us or for improper distributions to shareholders and loans to directors and officers, or for acts or omissions by the director as an officer. This provision also does not affect a director s responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION(1)

SEC registration fees	$ 130
Printing expenses(2)	20,000
Legal expenses	50,000
Accounting fees	50,000
Transfer agent fees	1,000
Miscellaneous expenses	370
Total	$ 121,500

(1) All expenses, except the SEC registration fee, are estimated.

(2) Includes Edgarizing expenses.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES

Described below is information regarding all securities that have been issued by the Registrant since June 30, 2000.

(a) In August, 2000, the Registrant issued common stock purchase warrants to purchase 4,528,000 shares of common stock at an exercise price of $.71875 per share, subsequently reduced to $.4375 per share upon triggering of antidilution provisions, to Venture Communications Corporation in connection with the sale and assignment to

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Venture Communications Corporation of all of the Registrant s rights to a judgment awarded to the Registrant in a lawsuit filed by the Registrant against Siemens Corporation.

(b) In September 2003, the Registrant sold units consisting of the Registrant s convertible promissory notes in the aggregate principal amount of $490,000 and warrants, exercisable at a price of $.3975 per share, to purchase an aggregate of 74,016 shares of common stock, to a total of 16 investors for an aggregate purchase price of $490,000. The Registrant paid $20,750 in cash and issued warrants, exercisable at a price of $.4662 per share, to purchase 44,512 shares of common stock to The Bosphorous Group, Inc., as a financial consulting fee for consulting services rendered. The names of the investors, each of whom represented that he or she was accredited and/or sophisticated, and the dollar amount of the units purchase by them is as follows:

Trayboard Holdings	$ 50,000
Junkin Trust	$ 25,000
Thomas J. and Nancy J. McMillan	$ 15,000
Atlas Family Trust	$ 25,000
Greg Foncesa	$ 50,000
Kurt Rexius	$ 50,000
Thomas Ole Dial	$ 25,000
George H. Maley	$ 25,000
Bette Jane Maley	$ 25,000
MKB Associates, Inc.	$ 10,000
David M. Cunningham	$ 10,000
The Bosphorous Group, Inc.	$ 30,000
Campbell Family Trust	$ 25,000
WMC Investments, LLC	$ 50,000
Leonard J. Brutocao	$ 25,000
Lenawee Trust	$ 50,000
	$490,000

(c) In July 2003, we entered into two consulting agreements with Hanover Capital Corp. pursuant to which we agreed to issue a total of 350,000 shares of Common Stock to Hanover Capital Corp. in consideration of consulting services rendered. Such services include advice with respect to financial relations and introductions to potential market makers, strategic partners and merger and acquisition candidates.

(d) Through February 29, 2004, the Registrant granted options under its 1996 and 1992 Stock Option Plans to purchase a total of 2,159,600 shares. The options were granted to a total of 14 employees, including officers, of the Registrant.

(e) Through February 29, 2004, the Registrant granted options under its 1998 Nonemployee Directors Stock Option Plan to purchase a total of 243,200 shares. The options were granted to a total of 5 nonemployee directors of the Registrant.

The sales of securities discussed in (a)-(c) above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) and Rule 506 of Regulation D promulgated thereunder as transactions by an issuer not involving any public offering. Each investor was either an accredited investor or had such knowledge or experience in financial or business matters that such investor was capable of evaluating the merits and risks of the investment. The issuance of the securities described in (d)-(e) above were deemed to be exempt from registration under the Securities Act in reliance upon Rule 701 under the Securities Act as transactions by an issuer in compensatory circumstances.

The recipients of the above-described securities represented their intention to acquire the securities for investment only and not with a view to distribution thereof. In each instance, the offer and sales were made without any advertising or general solicitation, and all the stock certificates bear restrictive legends, stating that the securities have not been registered under the Securities Act and cannot be sold or otherwise transferred without an effective registration or an exemption therefrom. All recipients either received information about the Registrant or had adequate access through employment or other relationship to information about the Registrant.

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ITEM 27. EXHIBIT INDEX

EXHIBIT NO.	TITLE
3.1	Articles of Incorporation of the Registrant.*
3.1	Articles of Incorporation of the Registrant.*
3.2	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.3	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.4	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.5	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.6	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.7	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.8	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.9	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.9.1	Certificate of Amendment of Articles of Incorporation of the Registrant.*
3.10	Bylaws of the Registrant*
5.1	Opinion of Day & Campbell, LLP*
10.1	Lease Agreement with Park Orangewood LLC dated June 17, 2003.*
10.2	Consulting Agreement with Hanover Capital Corp dated July 1, 2003.*
10.3	Consulting Agreement with Hanover Capital Corp. dated July 1, 2003.*
10.4	Consulting Agreement with The Bosphorous Group, Inc. dated August 1, 2002.*
10.5	Consulting Agreement with The Bosphorous Group, Inc. dated October 1, 2003.*
10.6	Common Stock Purchase Warrant with The Bosphorous Group dated September 1, 2003.*
10.7	Common Stock Purchase Warrant with Venture Communications Corporation dated June 26, 1998.*
10.8	Common Stock Purchase Warrant with Lenawee Trust dated June 26, 1998.*
10.9	Common Stock Purchase Warrant with Venture Communications Corporation dated September 27, 2000.*
10.10	1996 Stock Option Plan and First Amendment thereto.*
10.11	1998 Non-Employee Directors Stock Option Plan.*
10.12	Executive Employment Agreement with Ricardo G. Brutocao dated May 1, 1988.*
10.13	Form of Convertible Subordinated Promissory Note of the Registrant dated September 1, 2003 issued to certain lenders to evidence loans in the aggregate principal amount of $490,000.*
10.14	Form of Common Stock Purchase Warrant of the Registrant dated September 1, 2003 issued to holders of the Registrant s Convertible Subordinated Promissory Notes to purchase an aggregate of 74,016 shares of the Registrant s common stock.*
10.15	Secured Promissory Note of the Registrant dated July 1, 2003 payable to Al Wild in the principal amount of $44,220.28.*
10.16	Secured Promissory Note of the Registrant dated December 31, 2002 payable to Ricardo G. Brutocao in the principal amount of $16,875.*
10.17	Secured Promissory Note of the Registrant dated December 31, 2002 payable to David M. Cunningham in the principal amount of $8,100.*
10.18	Distribution Agreement with Dacon Electronics Limited dated August 1, 2000.*
10.19	Judgment Purchase Agreement with Venture Communications Corporation dated September 27, 2000.*
10.20	Agreement between Lynch, Young & Co. and Los Angeles Department of Water and Power dated September 1, 2002.*
21	Subsidiaries of the Registrant.*
23.1	Consent of Day & Campbell, LLP, included in Exhibit 5.1.*
23.2	Consent of Haskell & White LLP.

* Previously filed.

Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Securities and Exchange Commission..

ITEM 28. UNDERTAKINGS

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The Registrant hereby undertakes:

(a) That insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registration of expenses incurred or paid by a director, officer or controlling person to the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) That subject to the terms and conditions of Section 13(a) of the Securities Exchange Act of 1934, it will file with the Securities and Exchange Commission such supplementary and periodic information, documents and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

(c) That any post-effective amendment filed will comply with the applicable forms, rules and regulations of the Commission in effect at the time such post-effective amendment is filed.

(d) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof), which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(e) That, for the purpose of determining any liability under the Securities Act, each such post- effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(f) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing Form SB-2 and authorized this Registration Statement to be signed on its behalf by the undersigned, in Orange, California, on April 26, 2004.

Centergistic Solutions, Inc.

By: /s/ Ricardo G. Brutocao

Ricardo G. Brutocao, President

In accordance with the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons on April 26, 2004

Signature	Title
/s/ Ricardo G. Brutocao Ricardo G. Brutocao	President (chief executive officer) and Director
/s/ David M. Cunningham David M. Cunningham	Chief Operating Officer, Chief Financial Officer (principal accounting officer) and Director
/s/ Jerome Fahey Jerome Fahey	Director
/s/ Jay Kurtz Jay Kurtz	Director
/s/ William J. Battison William J. Battison	Director

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