

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

Form 10-QSB

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended November 30, 2003
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 0-22735

ROBOCOM SYSTEMS INTERNATIONAL INC.

(Name of small business issuer as specified in its charter)

New York

(State or other jurisdiction of incorporation  
or organization)

11-2617048

(I.R.S. Employer Identification No.)

511 Ocean Avenue, Massapequa, New York 11758

(Address of principal executive offices)

516-795-5100

(Issuer's telephone number)

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

As of January 12, 2004, 4,495,984 shares the issuer's common stock were outstanding.

Transitional Small Business Disclosure Format (check one); Yes  No

**ROBOCOM SYSTEMS INTERNATIONAL INC.**

**FORM 10-QSB**

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ITEM 1. FINANCIAL STATEMENTS

ROBOCOM SYSTEMS INTERNATIONAL INC.

BALANCE SHEETS

	<u>November 30, 2003</u>	<u>May 31, 2003</u>
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents.....	\$ 483,198	\$ 435,485
Accounts receivable, net.....	297,122	445,882
Unbilled revenue.....	85,068	117,212
Deferred taxes.....	37,929	37,929
Other current assets.....	188,781	139,102
Total current assets.....	<u>1,092,098</u>	<u>1,175,610</u>
Property and equipment, net.....	29,958	40,483
Capitalized software, net.....	1,544,173	1,521,925
Total assets.....	<u>\$ 2,666,229</u>	<u>\$ 2,738,018</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable.....	\$ 65,916	\$ 68,683
Accrued expenses.....	209,971	240,029
Other current liabilities.....	----	25,000
Deferred revenue.....	610,418	640,659
Total current liabilities.....	<u>886,305</u>	<u>974,371</u>
Loans payable to shareholders.....	63,901	71,830
Loans payable to Baseboard Investments, LLC.....	266,542	266,542
Deferred tax liabilities.....	37,929	37,929
Total liabilities.....	<u>1,254,677</u>	<u>1,350,672</u>
Shareholders' equity:		
Preferred stock, \$.01 par value; 1,000,000 shares authorized; None issued.....	----	----
Common stock, \$.01 par value; 10,000,000 shares authorized; 4,495,984 issued and outstanding at November 30, 2003 and May 31, 2003.....	44,960	44,960
Warrants: 100,000 outstanding at November 30, 2003 and May 31, 2003.....	166,728	166,728
Additional paid-in capital.....	11,832,246	11,832,246
Accumulated deficit.....	(10,632,382)	(10,656,588)
Total shareholders' equity.....	<u>1,411,552</u>	<u>1,387,346</u>
Total liabilities and shareholders' equity.....	<u>\$ 2,666,229</u>	<u>\$ 2,738,018</u>

See accompanying notes.

**ROBOCOM SYSTEMS INTERNATIONAL INC.**

**STATEMENTS OF OPERATIONS**

(unaudited)

	<b>Three months ended November 30,</b>	
	<b>2003</b>	<b>2002</b>
Revenues:		
Software license fees.....	\$ 48,186	\$ 145,099
Services.....	221,172	419,135
Hardware.....	31,900	14,981
Maintenance.....	369,172	339,369
Total revenues.....	670,430	918,584
Cost of revenues:		
Cost of license fees.....	300	20,323
Cost of services.....	145,744	179,673
Cost of hardware.....	28,084	13,417
Cost of maintenance.....	164,160	159,388
Total cost of revenues.....	338,288	372,801
Amortization of software development costs.....	189,321	231,210
	527,609	604,011
Gross margin.....	142,821	314,573
Selling, general and administrative expenses.....	119,431	172,774
Income from operations.....	23,390	141,799
Interest expense, net.....	4,442	10,050
Income before provision for income taxes.....	18,948	131,749
Provision for income taxes.....	----	----
Net income.....	\$ 18,948	\$ 131,749
Net income per basic and diluted share.....	\$ .004	\$ .030
Weighted average shares outstanding:		
Basic.....	4,495,984	4,495,984
Diluted.....	4,612,824	4,495,984

*See accompanying notes.*

**ROBOCOM SYSTEMS INTERNATIONAL INC.**

**STATEMENTS OF OPERATIONS**

(unaudited)

	<b>Six months ended November 30,</b>	
	<b>2003</b>	<b>2002</b>
Revenues:		
Software license fees.....	\$ 94,621	\$ 174,779
Services.....	441,441	740,802
Hardware.....	74,713	267,644
Maintenance.....	729,130	716,853
Total revenues.....	1,339,905	1,900,078
Cost of revenues:		
Cost of license fees.....	7,535	30,060
Cost of services.....	297,816	458,472
Cost of hardware.....	61,416	239,920
Cost of maintenance.....	316,012	292,314
Total cost of revenues.....	682,779	1,020,766
Amortization of software development costs.....	378,642	456,635
	1,061,421	1,477,401
Gross margin.....	278,484	422,677
Selling, general and administrative expenses.....	245,572	329,560
Income from operations.....	32,912	93,117
Interest expense, net.....	8,706	20,779
Income before provision for income taxes.....	24,206	72,338
Provision for income taxes.....	----	----
Net income.....	\$ 24,206	\$ 72,338
Net income per basic and diluted share.....	\$ .005	\$ .020
Weighted average shares outstanding:		
Basic.....	4,495,984	4,495,984
Diluted.....	4,575,139	4,495,984

*See accompanying notes.*

**ROBOCOM SYSTEMS INTERNATIONAL INC.**

**STATEMENTS OF CASH FLOWS**

(unaudited)

	<b>Six months ended November 30,</b>	
	<b>2003</b>	<b>2002</b>
<b>Operating activities</b>		
Net income.....	\$24,206	\$72,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment.....	12,477	27,447
Amortization of software development costs....	378,642	456,635
Adjustment for bad debt.....	(20,201)	----
Changes in operating assets and liabilities:		
Accounts receivable.....	168,962	(6,457)
Unbilled revenue.....	32,144	149,154
Other current assets.....	(49,679)	(44,727)
Accounts payable.....	(2,767)	(21,454)
Accrued expenses.....	(30,058)	19,418
Other current liabilities.....	(25,000)	----
Deferred revenue.....	(30,241)	70,444
Net cash provided by operating activities.....	458,485	722,798
<b>Investing activities</b>		
Software development costs.....	(400,890)	(208,774)
Capital expenditures.....	(1,952)	----
Net cash used in investing activities.....	(402,842)	(208,774)
<b>Financing activities</b>		
Net cash used in financing activities - loan payable to shareholders.....	(7,930)	(10,783)
Increase in cash and cash equivalents.....	47,713	503,241
Cash and cash equivalents at beginning of period.....	435,485	219,370
Cash and cash equivalents at end of period.....	\$ 483,198	\$ 722,611
Supplemental disclosures of cash flow information:		
Cash paid for interest.....	\$ 801	\$ 741

*See accompanying notes.*

**ROBOCOM SYSTEMS INTERNATIONAL INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2003**  
(unaudited)

1. Background and Basis of Financial Statement Presentation

The accompanying unaudited financial statements of Robocom Systems International Inc. (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and with the instructions to Form 10-QSB and Article 10 of Regulation SX. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The Company's operations consist of the development, marketing and support of advanced warehouse management software solutions that enable companies to realize significant cost savings by automating their warehouse operations and providing inventory visibility throughout the supply chain. The Company's primary product, RIMS™, is a client-configurable software solution that enables a company's warehouse to respond to a customer order with greater accuracy and in a more timely manner, thereby turning the warehouse into a competitive advantage. RIMS operates in an open system environment and interfaces with an organization's existing information systems. In addition to providing RIMS software licenses, the Company provides installation, training, implementation support and maintenance services and resells related hardware.

The balance sheet at May 31, 2003 has been derived from the audited financial statements at that date but, as presented, does not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements.

Operating results for the three- and six-month periods ended November 30, 2003 are not necessarily indicative of the results that may be expected for the year ended May 31, 2004. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended May 31, 2003.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

*Certain statements in this Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for the Company's products; uncertainties relating to client plans and commitments and the timing of orders received from clients; announcements or changes in pricing policies by the Company or its competitors; unanticipated delays in the development, market acceptance or installation of the Company's products; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; governmental export and import policies; global trade policies; and worldwide political stability and economic growth. The words "believe," "expect," "anticipate," "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.*

### RESULTS OF OPERATIONS

#### *Comparison of Three Months Ended November 30, 2003 and November 30, 2002*

*Revenues.* Total revenues decreased by \$248,154 to \$670,430 in the three months ended November 30, 2003, as compared to \$918,584 in the three months ended November 30, 2002. Software license fees decreased by approximately 67% during the 2003 period as compared to the 2002 period, primarily because the Company sold fewer RIMS licenses. The Company has continued to experience the effects of economic uncertainties and depressed spending for information technology in the United States and Europe. This decline has resulted in delayed and cancelled buying decisions by customers. Service revenues decreased by approximately 47% for the 2003 period as compared to the 2002 period primarily due to lower revenues from services related to upgrades and modifications to existing RIMS sites, offset, in part, by higher revenues related to the installation of new RIMS sites during the 2003 period. Hardware revenues increased by approximately 113% primarily because the Company sold RIMS-related hardware to two customers during the 2003 period, as compared to several smaller sales of replacement hardware to customers during the 2002 period. Maintenance revenues increased by approximately 9% for the 2003 period as compared to the 2002 period, primarily due to additional maintenance revenues for new RIMS sites included in the 2003 period.

*Cost of Revenues.* Total cost of revenues decreased by \$34,513 to \$338,288 in the three months ended November 30, 2003, as compared to \$372,801 in the three months ended November 30, 2002. As a percentage of revenues, total cost of revenues increased to approximately 50% in the 2003 period as compared to approximately 41% in the 2002 period. As a percentage of license fee revenues, the cost of license fees decreased in the 2003 period primarily due to the sale of a RIMS license with no associated third party fees. As a percentage of service revenues, the cost of services was higher in the 2003 period primarily due to higher variable costs associated with the installation of RIMS at customer sites. As a percentage of hardware revenues, the cost of hardware was lower in the 2003 period due to lower hardware costs from suppliers. As a percentage of maintenance revenues, the cost of maintenance was lower in the 2003 period primarily due to lower maintenance costs relating to RIMS, Version 4.3. As new customers gain experience using RIMS the cost of maintenance decreases.

*Amortization of Software Development Costs.* Amortization of software development costs decreased by \$41,889 to \$189,321 in the three months ended November 30, 2003, as compared to \$231,210 in the three months ended November 30, 2002. This decrease was due to the final amortization of capitalized software development costs for early versions of RIMS during fiscal 2003. As a percentage of revenue, the amortization of software development costs was approximately 28% in the 2003 period and 25% in the 2002 period.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (continued)

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses decreased by \$53,343 to \$119,431 in the three months ended November 30, 2003, as compared to \$172,774 in the three months ended November 30, 2002. This decrease is primarily due to a non-recurring reversal of accrued labor expenses in the amount of \$32,500. As a percentage of revenue, selling, general and administrative expenses decreased to approximately 18% for the three months ended November 30, 2003, as compared to 19% for the three months ended November 30, 2002. Although the Company continually seeks ways in which it can reduce costs, it expects selling, general and administrative expenses to remain at current levels through fiscal 2004.

*Interest Expense, Net.* Interest income decreased by \$1,130 to \$286 in the three months ended November 30, 2003, as compared to \$1,416 in the three months ended November 30, 2002. The decrease is primarily due to a decrease in cash on hand and a decline in interest rates during the 2003 period. Interest expense decreased by \$6,738 to \$4,728 in the three months ended November 30, 2003, as compared to \$11,466 in the three months ended November 30, 2002. This decrease is primarily due to the reduction in the loan payable to Baseboard Investments, LLC.

*Income Taxes.* No provision for income taxes is reflected in the 2003 or 2002 periods, as the Company has sufficient net operating losses to offset current earnings. No deferred tax expense has been recorded in the 2003 or the 2002 period as the Company continues to record a valuation allowance to reserve for its net deferred tax assets. The valuation allowance was provided for because of uncertainty, based on the Company's historical results, with respect to realization of deferred tax assets.

### *Comparison of Six Months Ended November 30, 2003 and November 30, 2002*

*Revenues.* Total revenues decreased by \$560,173 to \$1,339,905 in the six months ended November 30, 2003, as compared to \$1,900,078 in the six months ended November 30, 2002. Software license fees decreased by approximately 46% during the 2003 period as compared to the 2002 period primarily because the Company sold fewer RIMS licenses. The Company has continued to experience the effects of economic uncertainties and depressed spending for information technology in the United States and Europe. This decline has resulted in delayed and cancelled buying decisions by customers. Service revenues decreased by approximately 40% for the 2003 period as compared to the 2002 period primarily due to lower revenues from services related to upgrades and modifications to existing RIMS sites, offset, in part, by higher revenues related to the installation of new RIMS sites during the 2003 period. Hardware revenues decreased by approximately 72% during the 2003 period as compared to the 2002 period primarily because the Company sold a significant amount of RIMS-related hardware to one existing customer and sold hardware associated with the implementation of a RIMS system to a new customer during the 2002 period. The Company considers the sale of RIMS-related hardware to be non-strategic. These sales primarily depend upon specific customer requirements. In addition, customers have the ability to purchase hardware from a large variety of vendors, at competitive prices. Maintenance revenues increased by approximately 2% for the 2003 period, as compared to the 2002 period primarily due to additional maintenance revenues for new RIMS sites included in the 2003 period.

*Cost of Revenues.* Total cost of revenues decreased by \$337,987 to \$682,779 in the six months ended November 30, 2003, as compared to \$1,020,766 in the six months ended November 30, 2002. As a percentage of revenues, total cost of revenues decreased to approximately 51% in the 2003 period, as compared to approximately 54% in the 2002 period. As a percentage of license fee revenues, cost of license fees decreased in the 2003 period primarily due to the sale of RIMS licenses with no associated third party fees. As a percentage of service revenues, the cost of services was higher in the 2003 period due to higher variable costs associated with the installation of RIMS at customer sites. As a percentage of hardware revenues, the cost of hardware was lower in the 2003 period due to lower hardware costs from suppliers. As a percentage of maintenance revenues, the cost of maintenance was higher in the 2003 period as compared to the 2002 period, primarily due to the increased number of new users of RIMS, Version 4.3. As customers gain experience using the latest version of RIMS, the cost of maintenance is expected to decrease.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION** **(continued)**

*Amortization of Software Development Costs.* Amortization of software development costs decreased by \$77,993 to \$378,642 in the six months ended November 30, 2003, as compared to \$456,635 in the six months ended November 30, 2002. This decrease was due to the final amortization of capitalized software development costs for early versions of RIMS during fiscal 2003. As a percentage of revenue, the amortization of software development costs was approximately 28% in the 2003 period and 24% in the 2002 period.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses decreased by \$83,988 to \$245,572 in the six months ended November 30, 2003, as compared to \$329,560 in the six months ended November 30, 2002. This decrease is primarily due to a non-recurring vendor credit of \$25,000 and the reversal of accrued labor expenses of \$32,500. As a percentage of revenue, selling, general and administrative expenses increased to approximately 18% for the six months ended November 30, 2003, as compared to 17% for the six months ended November 30, 2002. Although the Company continually seeks ways in which it can reduce costs, it expects selling, general and administrative expenses to remain at current levels through fiscal 2004.

*Interest Expense, Net.* Interest income decreased by \$1,645 to \$640 in the six months ended November 30, 2003, as compared to \$2,285 in the six months ended November 30, 2002. The decrease is primarily due to a decrease in cash on hand and the decline in interest rates during the 2003 period. Interest expense decreased by \$13,718 to \$9,346 in the six months ended November 30, 2003, as compared to \$23,064 in the six months ended November 30, 2002. This decrease is primarily due to the reduction in the loan payable to Baseboard Investments, LLC.

*Income Taxes.* No provision for income taxes is reflected in the 2003 or 2002 periods, as the Company has sufficient net operating losses to offset current earnings. No deferred tax expense has been recorded in the 2003 or the 2002 period as the Company continues to record a valuation allowance to reserve for its net deferred tax assets. The valuation allowance was provided for because of uncertainty, based on the Company's historical results, with respect to realization of deferred tax assets.

### **LIQUIDITY AND CAPITAL RESOURCES**

Net cash provided by operating activities was \$458,485 in the six months ended November 30, 2003 and \$722,798 in the six months ended November 30, 2002. Cash flows from operations decreased in the 2003 period primarily due to an increase in accounts receivable, offset, in part, by a decrease in unbilled receivables and deferred revenue.

The Company expended \$1,952 for equipment in the six months ended November 30, 2003. The Company capitalized \$400,890 and \$208,774 in the six months ended November 30, 2003 and 2002, respectively, for software development costs. Any costs associated with the development of new products or enhancements to the existing RIMS product will be financed through working capital.

As of November 30, 2003, the Company had \$483,198 in cash and cash equivalents and working capital of \$205,793.

The Company has a line of credit from Baseboard Investments LLC, a limited liability company, the members of which consist of three principal shareholders and directors of the Company. This line of credit provides for borrowings of up to \$1,250,000, and was set to expire on September 19, 2004. As of November 21, 2003, this line of credit was extended until September 19, 2005. Borrowings bear interest at the prime rate plus two percent (6.00% at January 12, 2004). As of January 12, 2004, \$240,146 had been drawn down from this line of credit.

The Company's capital requirements depend on many factors, including the level and timing of revenues and new product development. However, the Company is limited to its current cash, cash equivalents and available unused lines of credit for funding such internal growth and development. No significant capital expenditures are anticipated in the next 12 months.

**ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION  
(continued)**

For the six months ended November 30, 2003, the Company operated on a positive cash flow basis and recorded net income of \$402,848, or \$.09 per share, excluding the amortization of software development costs. The Company believes its existing cash and cash equivalents, anticipated revenues from existing maintenance contracts, and anticipated revenues from existing contracts for implementation of RIMS at new sites, including license fees, hardware and services, are sufficient to fund the Company’s operations at the current levels beyond fiscal 2004.

**ITEM 3. CONTROLS AND PROCEDURES**

- (a) As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and principal accounting officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon the evaluation, the Company’s Chief Executive Officer and principal accounting officer concluded that, as of the end of the period, the Company’s disclosure controls and procedures were effective in timely alerting him to material information relating to the Company required to be included in the reports that the Company files and submits pursuant to the Exchange Act.
- (b) During the period covered by this report, there were no changes in the Company’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

PART II. Other Information

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

The Company’s Annual Meeting of shareholders was held on December 8, 2003. At the meeting, two matters were acted upon by the shareholders.

At the meeting, the first matter acted upon by the shareholders was the election of four directors to the Board of Directors. As of October 27, 2003, the record date for the Annual Meeting, 4,495,984 shares of Common Stock were outstanding and eligible to vote. Of the 4,196,804 shares of Common Stock voted at the meeting, in person or by proxy, the number of votes in favor of and withheld from each director was as follows:

<u>Director</u>	<u>Votes cast in favor</u>	<u>Votes against</u>
Irwin Balaban	4,195,304	1,500
Robert Friedman	4,195,304	1,500
Herbert Goldman	4,195,304	1,500
Lawrence Klein	4,195,304	1,500

The second matter acted upon by the shareholders was the ratification of the selection of Eisner & Lubin LLP to serve as the Company’s independent auditors for the fiscal year ending May 31, 2004. Of the 4,196,804 shares of Common Stock voted at the meeting, 4,190,204 were voted in favor of the proposal, 4,500 were voted against the proposal and 2,100 abstained from a vote on the proposal.

No other matters were brought before the meeting for a shareholder vote.

## **ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

### **(a) Exhibits**

- 10.1 Line of Credit Commitment dated November 21, 2003 from Baseboard Investments, LLC.
- 10.2 Promissory Note dated November 21, 2003 from the Company to Baseboard Investments, LLC.
- 31.1 Certification of the Company's Chief Executive Officer and principal accounting officer, Irwin Balaban, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Company's Chief Executive Officer and principal accounting officer, Irwin Balaban, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

### **(b) Reports on Form 8-K**

On October 24, 2003, the Company filed a Current Report on Form 8-K to file its press release disclosing earnings results, as reported in the Quarterly Report on Form 10-QSB for the fiscal quarter ended August 31, 2003.

On November 12, 2003, the Company filed a Current Report on Form 8-K to file its press release disclosing it had signed a contract with DUCOM, Inc. of Silver Spring, MD, a prime contractor to the Federal Aviation Administration, to supply the RIMS warehouse management system to the FAA Logistics Center at the Mike Monroney Aeronautical Center in Oklahoma City.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in Massapequa, New York, on January 12, 2004.

ROBOCOM SYSTEMS INTERNATIONAL INC.

By: /s/Irwin Balaban

Irwin Balaban

Chief Executive Officer

(Principal Executive Officer, Principal  
Accounting Officer and Principal Financial  
Officer)

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Line of Credit Commitment dated November 21, 2003 from Baseboard Investments, LLC.
10.2	Promissory Note dated November 21, 2003 from the Company to Baseboard Investments, LLC.
31.1	Certification of the Company's Chief Executive Officer and principal accounting officer, Irwin Balaban, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Company's Chief Executive Officer and principal accounting officer, Irwin Balaban, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

***ROBOCOM SYSTEMS INTERNATIONAL INC.***

*511 Ocean Avenue  
Massapequa, New York 11758*

November 21, 2003

Baseboard Investments LLC  
17 Fairbanks Boulevard  
Woodbury, New York 11797

Re: **\$1,250,000 Revolving Line of Credit**

Ladies and Gentlemen:

Robocom Systems International Inc., a New York corporation having an office at 511 Ocean Avenue, Massapequa, New York 11797 (the "Borrower"), is writing this line of credit letter (this "Letter") with regard to the revolving line of credit which Baseboard Investments LLC (the "Lender") has agreed to extend to the Borrower in the maximum aggregate principal amount at any one time of \$1,250,000 (the "Aggregate Amount"), which amount is available, subject to the satisfaction of the terms and conditions set forth below, commencing on the date hereof and ending on September 19, 2005 (the "Maturity Date"). Credit for the Aggregate Amount is to be extended in the form of loan advances (collectively, the "Loans") and the Borrower's indebtedness resulting from such Loans will be evidenced by the Borrower's amended and restated promissory note (the "Note") dated as of the date hereof. Terms used herein but not otherwise defined herein shall have the meanings set forth in the Note.

Without in any way restricting, limiting or otherwise affecting the Lender's rights or any of the terms and conditions of the Note, the Borrower wishes to set forth its additional understandings and intentions with regard to such Loans.

I. The Borrower agrees that the following are conditions precedent to any obligation of the Loans to extend any financial accommodations and make any Loans:

(a) the execution and delivery to the Lender of this Letter, the Note and all other documents that the Lender reasonably requests in form and substance reasonably satisfactory to the Lender;

(b) before and after giving effect to the funding hereunder, no Default under the Note has occurred and is continuing or would result from such funding;

(c) at the time of each lending date, there shall not have been threatened or commenced against the Borrower any litigation or proceedings that, if adversely determined against the Borrower, would, in the sole opinion of the Lender, have a material adverse effect upon the business, operating results or financial condition of the Borrower; and

(d) at the time of each lending date, there shall not have occurred, since the date hereof, a material adverse change in the business or financial condition of the Borrower.

II. The Borrower shall, while any Loans remain outstanding under this line of credit facility to:

(a) furnish the Lender with (i) detailed financial statements, (ii) income tax returns, (iii) cash flow statements, and (iv) such other information concerning the financial affairs and condition (financial or otherwise) of the Borrower, in each case, annually or as the Lender may reasonably request from time to time; and

(b) keep the Lender fully and promptly informed of all material adverse changes to the Borrower's assets, liabilities, revenues and condition (financial or otherwise).

III. After all of the obligations, liabilities and indebtedness of the Borrower are indefeasibly and irrevocably paid in full, this Letter and the Note shall terminate and the Lender, at the request and the expense of the Borrower, shall execute and deliver to the Borrower a proper instrument or instruments acknowledging the satisfaction and termination of this Letter. Notwithstanding anything else contained herein to the contrary, nothing herein shall terminate, release or discharge the Borrower's obligations, liabilities and indebtedness arising out of any reinstatement, recoupment, disgorgement, indemnification or other obligation that by the express terms of the Note survives the payment in full of the principal and interest of the Loans.

This Letter shall be construed under the internal laws and judicial decisions of the State of New York.

Very truly yours,

ROBOCOM SYSTEMS INTERNATIONAL INC.

By: s/ Irwin Balaban

Name: Irwin Balaban

Title: President & Chief Executive Officer

Accepted and Agreed to:

BASEBOARD INVESTMENTS LLC

By: s/ Irwin Balaban

Name: Irwin Balaban

Title: President

**AMENDED AND RESTATED  
PROMISSORY NOTE**

**US \$1,250,000**

**Massapequa, New York  
November 21, 2003**

**FOR VALUE RECEIVED**, the undersigned maker, ROBOCOM SYSTEMS INTERNATIONAL INC., a New York corporation (the "Borrower"), hereby unconditionally promises to pay to order of BASEBOARD INVESTMENTS LLC, a New York limited liability company with an office at 17 Fairbanks Boulevard, Woodbury, New York 11797 (the "Lender"), at such account as the Lender may designate in writing from time to time, the outstanding principal amount of (a) ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000), or, if less, (b) the aggregate unpaid principal amount of all loans made by the Lender to the Borrower pursuant to the letter agreement dated November 21, 2003 (the "Agreement") between the Lender and the Borrower, in same day funds in a single installment on September 19, 2005 (the "Maturity Date").

Interest shall accrue on the unpaid principal amount of this Note from the date of this Note until such principal amount is paid in full at the per annum rate equal to the Prime Rate plus two (2%) percent (collectively, the "Base Rate"). For the purposes of this Note, the "Prime Rate" refers to the rate of interest which the principal New York office of Citibank, N.A. establishes as its prime lending rate, as in effect from time to time, but may not necessarily represent the lowest or most favorable rate actually charged to any customer. Interest shall be payable on the Maturity Date.

Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. Any change in the interest rate on this Note shall become effective as of the opening of business on the day on which such change in the Base Rate becomes effective. Each determination of an interest rate by the Lender pursuant to any provision of this Note shall be, absent manifest error, presumed to be correct.

The Lender is authorized to endorse on the schedule annexed hereto and made a part hereof the date and amount of each loan made to the Borrower pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement shall not effect the obligations of the Borrower in respect of such loan.

Whenever any payment on this Note shall be stated to be due on a day which is not a business day, such payment shall be made on the next succeeding business day and such extension of time shall be included in the computation of the payment of interest on this Note.

The Borrower shall use the proceeds of this Note for working capital purposes.

Each payment received by the Lender shall be applied first, against all costs and expenses of the Lender incurred in connection with this Note, second, against accrued and unpaid interest on the outstanding principal balance of this Note, and third, the balance of each such payment shall be applied against the principal hereof.

In no event shall the interest rate on this Note exceed the maximum interest rate permitted by applicable law. If, notwithstanding, interest in excess of said maximum rate shall be paid hereunder, the excess shall be retained by the Lender as a prepayment of all or part of the unpaid balance of principal. The Borrower may prepay this Note in whole or in part at any time.

If at any time (i) there occurs a default in the payment by the Borrower of principal or interest pursuant to this Note, (ii) the Borrower is dissolved, becomes insolvent under any law, suspends its present business, or agrees to a merger, bulk sale or transfer of all or substantially all of its assets, (iii) the Borrower commences or has commenced against it any bankruptcy or insolvency proceeding or has a trustee or receiver appointed for it or its assets, or (iv) there occurs a default in the performance of any other obligation of the Borrower under this Note, (collectively, a "Default"), the Lender shall give written notice

thereof to the Borrower; provided, however, that, upon the occurrence of an event specified in clauses (i), (ii) or (iii) above, no notice shall be required. Immediately upon the occurrence of an event specified in clauses (i), (ii) or (iii) above, or immediately upon the Lender giving the Borrower notice regarding the occurrence of an event specified in clause (iv) above, the Lender shall be entitled to retain any and all payments previously made pursuant to this Note and all amounts owing pursuant to this Note shall immediately become due and payable. Any amount not paid when due shall continue to bear interest from the due date at the Base Rate or the highest rate then permitted by law (if the Base Rate is then in excess of the maximum rate).

If a Default occurs, the Lender shall have in addition to its other rights the right to set off against the amounts owing under this Note any amount owing by the Lender in any capacity to the Borrower in any capacity. All rights and remedies of the Lender under applicable law and this Note are cumulative and not exclusive. No single, partial or delayed exercise by the Lender of any right or remedy shall preclude full and timely exercise by the Lender at any time of any right or remedy of the Lender without notice. No waiver shall be effective unless made specifically in writing by the Lender.

The Borrower promises to pay all costs and expenses, including all reasonable attorneys' fees and disbursements, incurred in the preparation, administration, collection and enforcement of this Note. The Borrower hereby waives diligence, presentment, protest, demand and notice of every kind and, to the fullest extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder. The non-exercise by the Lender of any of its rights under this Note in any particular instance shall not constitute a waiver hereof in that or any subsequent instance.

The Borrower hereby agrees to indemnify the Lender and to hold the Lender harmless from any loss, liability, cost or expense that the Lender may sustain or incur as a consequence of, in connection with, arising out of or relating to this Note.

Any notice, request, demand, statement, authorization, approval or consent required or permitted under this Note shall be in writing and shall be made by, and deemed duly given upon, (a) deposit in the United States mail, postage prepaid, registered or certified, return receipt requested, such mailing to be effective 3 business days after mailing, (b) personal delivery, (c) delivery by an overnight courier of recognized reputation (such as Federal Express) or (d) in the case of notice to the Borrower, transmission by telecopier as provided below or to such other address and/or such additional parties as either party may specify by notice given in accordance with this paragraph:

To Borrower at:                      Robocom Systems International Inc.  
511 Ocean Avenue  
Massapequa, New York 11758  
Telecopier: 516-799-6479

To Lender at:                         Baseboard Investments LLC  
17 Fairbanks Boulevard  
Woodbury, New York 11797

This Note may not be changed or terminated orally. This Note shall bind the heirs, legal representatives, successors and assigns of the undersigned and shall ensure to the benefit of the Lender and its successors and assigns.

Each provision of this Note shall survive until all amounts due are paid to Lender's satisfaction and are not subject to any preference period, shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If a court deems any provision invalid, the remainder of this Note shall remain in effect. Singular number includes plural and neuter gender includes masculine and feminine as appropriate.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without regard to its conflicts of law provisions.

In any action or other legal proceeding relating to this Note, the Borrower (i) consents to the personal jurisdiction of any State or Federal court located in the State of New York, (ii) waives objection to the laying of venue, (iii) waives personal service of process, (iv) consents to service of process by registered or certified mail directed to the Borrower at the last address shown in the Lender's records

relating to this Note, with such service of process to be deemed completed five days after mailing, (v) waives any right to trial by jury or to assert any counterclaim or setoff or any defenses based upon a statute of limitations or upon a claim of laches, (vi) waives its right to attack any final judgment that is obtained as a direct or indirect result of any such action, and (vii) consents to each such final judgment being sued upon in any court having jurisdiction. In any proceeding, a copy of this Note kept in the Lender's course of business shall be admitted into evidence as an original.

This Note amends and restates in its entirety the Promissory Note of the Borrower to the Lender dated August 16, 2002.

**IN WITNESS WHEREOF**, the Borrower has caused this Note to be executed and delivered as of the day and year and at the place first above written.

ROBOCOM SYSTEMS INTERNATIONAL INC.

By: s/ Irwin Balaban  
Name: Irwin Balaban  
Title: President and Chief Executive Officer

***CERTIFICATION***  
**Pursuant to 18 U.S.C. 1350**  
**(Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Irwin Balaban, Chief Executive Officer and Principal Financial and Accounting Officer of Robocom Systems International Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Robocom Systems International Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 12, 2004

By: /s/Irwin Balaban  
Irwin Balaban  
Chief Executive Officer  
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer  
and Principal Financial Officer  
Pursuant to 18 U.S.C. 1350  
(Section 906 of the Sarbanes-Oxley Act of 2002)**

I, Irwin Balaban, Chief Executive Officer and Principal Financial Officer of Robocom Systems International Inc. (the "Registrant"), do hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-QSB for the quarterly period ended November 30, 2003 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Irwin Balaban

Name: Irwin Balaban  
Title: Chief Executive Officer and  
Principal Financial and Accounting  
Officer

January 12, 2004

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A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Robocom Systems International Inc. and will be retained by Robocom Systems International Inc. and furnished to the Securities and Exchange Commission or its staff upon request.