BRIGHTPOINT INC
Form 10-Q/A
November 25, 2003

UNITED STATES
SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO. 1)

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2003

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: ---------------------- to ----------------------

Commission file number: 0-23494

BRIGHTPOINT, INC.

(Exact name of registrant as specified in its charter)

Delaware	35-1778566
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

501 Airtech Parkway, Plainfield Indiana	46168
(Address of principal executive offices)	(Zip Code)

(317) 707-2355

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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. [X] Yes [ ] No

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

Number of shares of the registrant's common stock outstanding at July 22, 2003: 8,025,982 shares

BRIGHTPOINT, INC.
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BRIGHTPOINT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended June 30,		Six Month June
	2003	2002	2003

Revenue	$ 379,406	$ 302,521	$ 719,596
Cost of revenue	357,028	288,067	678,421
Gross profit	22,378	14,454	41,175
Selling, general and administrative expenses	16,733	19,348	32,844
Facility consolidation charge	181	-	4,461
Operating income (loss) from continuing operations	5,464	(4,894)	3,870
Net interest expense	313	1,659	684
(Gain) loss on debt extinguishment	-	(12,522)	265
Net other expenses	209	548	955
Income from continuing operations before income taxes	4,942	5,421	1,966
Income taxes	1,188	2,986	472
Income (loss) from continuing operations	3,754	2,435	1,494
Discontinued operations:			
Gain (loss) from discontinued operations	64	(8,586)	(209)
Gain on disposal of discontinued operations	499	927	184
Total discontinued operations	563	(7,659)	(25)
Total income (loss) before cumulative effect of an accounting change	4,317	(5,224)	1,469
Cumulative effect of a change in accounting principle, net of tax	-	-	-
Net income (loss)	$ 4,317	$ (5,224)	$ 1,469
Basic per share:			
Income (loss) from continuing operations	$ 0.47	$ 0.30	$ 0.18
Discontinued operations	0.07	(0.95)	0.00
Cumulative effect of a change in accounting principle, net of tax	-	-	-
Net income (loss)	$ 0.54	$ (0.65)	$ 0.18
Diluted per share:			
Income (loss) from continuing operations	$ 0.45	$ 0.30	$ 0.18
Discontinued operations	0.07	(0.95)	-
Cumulative effect of a change in accounting principle, net of tax	-	-	-
Net income (loss)	$ 0.52	$ (0.65)	$ 0.18
Weighted average common shares outstanding:			
Basic	8,024	7,990	8,024
Diluted	8,254	7,990	8,235

See accompanying notes

BRIGHTPOINT, INC.
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	JUNE 30, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,252	$ 43,798
Pledged cash	16,907	14,734
Accounts receivable (less allowance for doubtful accounts of $6,779 and $5,328, respectively)	110,767	111,771
Inventories	100,960	73,472
Contract financing receivable	11,597	16,960
Other current assets	15,851	12,867
Total current assets	317,334	273,602
Property and equipment, net	30,684	35,696
Goodwill and other intangibles, net	17,201	14,153
Other assets	11,696	12,851
Total assets	$ 376,915	$ 336,302
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 179,879	$ 129,621
Accrued expenses	44,181	48,816
Unfunded portion of contract financing receivable	19,156	22,102
Convertible notes, short-term	-	12,017
Notes payable, other	46	51
Total current liabilities	243,262	212,607
Lines of credit	13,418	10,052
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Common stock, $0.01 par value: 100,000 shares authorized; 8,026 and 8,021 issued and outstanding in 2003 and 2002, respectively	80	80
Additional paid-in capital	214,663	214,624
Retained earnings (deficit)	(87,997)	(89,466)
Accumulated other comprehensive loss	(6,511)	(11,595)
Total stockholders' equity	120,235	113,643
Total liabilities and stockholders' equity	$ 376,915	$ 336,302

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See accompanying notes.

BRIGHTPOINT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	Six Months Ended June 30	
	2003	2002
OPERATING ACTIVITIES		
Net income (loss)	$ 1,469	$(53,177)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,618	6,416
Amortization of debt discount	33	2,571
Pledged cash requirements	(2,173)	(146)
Cumulative effect of a change in accounting principle, net of tax	-	40,748
Loss (gain) on debt extinguishment	265	(12,522)
Discontinued operations	25	11,567
Facility consolidation charge	4,461	-
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts receivable	9,981	50,247
Inventories	(23,542)	61,015
Other operating assets	(1,294)	(4,426)
Accounts payable and accrued expenses	23,284	(59,657)
Net cash provided (used) by discontinued operations	20	(2,279)
Net cash provided by operating activities	19,147	40,357
INVESTING ACTIVITIES		
Capital expenditures	(1,865)	(6,486)
Cash effect of divestiture	1,328	(5,941)
Purchase acquisitions, net of cash acquired	(1,949)	(282)
Decrease in funded contract financing receivables, net	8,369	14,195
Decrease in other assets	649	379
Net cash provided by investing activities	6,532	1,865
FINANCING ACTIVITIES		
Net proceeds (payments) on revolving credit facilities	1,417	(21,243)
Repurchase of convertible notes	(11,980)	(15,203)
Proceeds from common stock issuances under employee stock option and purchase plans	39	89
Net cash used by financing activities	(10,524)	(36,357)
Effect of exchange rate changes on cash and cash Equivalents	2,299	114

Net increase in cash and cash equivalents	17,454	5,979
Cash and cash equivalents at beginning of period	43,798	58,295
Cash and cash equivalents at end of period	$ 61,252	$ 64,274

See accompanying notes.

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BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

1. Basis of Presentation

GENERAL

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. 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. The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results are likely to differ from those estimates, but management does not believe such differences will materially affect the Company's financial position or results of operations. In the opinion of the Company, all adjustments considered necessary to present fairly the consolidated financial statements have been included.

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned or controlled subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in the 2002 Consolidated Financial Statements have been reclassified to conform to the 2003 presentation.

The Consolidated Balance Sheet at December 31, 2002 has been derived from the audited Consolidated Financial Statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The unaudited Consolidated Statements of Operations for the three and six months ended June 30, 2003 and the unaudited Consolidated Statement of Cash Flows for the six months ended June 30, 2003 are not necessarily indicative of the operating results or cash flows that may be expected for the entire year.

For the three months ended June 30, 2003, the Company did not experience any significant seasonal factors. However, in periods which seasonality is experienced, our interim results may not be indicative of annual results.

The Company has not changed its significant accounting policies from those disclosed in its Form 10-K/A for the year ended December 31, 2002, except for the adoption of recently issued accounting pronouncements, as disclosed below.

For further information, reference is made to the audited Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form

10-K/A for the year ended December 31, 2002.

BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

1. Basis of Presentation (continued)

Recently Issued Accounting Pronouncements

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("SFAS No. 150").

SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify certain financial instruments as a liability (or as an asset in some circumstances). SFAS No. 150 is effective for the Company at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 does not have an impact on the Company's financial statements.

In 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 defines a variable interest entity (VIE) as a corporation, partnership, trust or any other legal structure that does not have equity investors with a controlling financial interest or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires consolidation of a VIE by the primary beneficiary of the assets, liabilities, and results of activities effective for 2003. FIN 46 also requires certain disclosures by all holders of a significant variable interest in a VIE that are not the primary beneficiary. The broad-based effective date of FIN 46 is deferred for public companies until the end of periods ending after December 15, 2003. The Company does not believe the issuance of FIN No. 46 will have a material impact on its financial position or results of operations.

In 2002, the Financial Accounting Standards Board issued Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 requires guarantees to be recorded at fair value and requires a guarantor to make significant new disclosure, even when the likelihood of making any payments under the guarantee is remote. FIN 45's initial recognition and initial measurement provisions are applicable on a prospective basis to the guarantees issued or modified after December 31, 2002. However, its disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002.

The Company has issued certain guarantees on behalf of its subsidiaries with regard to lines of credit and long-term debt, for which the liability is recorded in the Company's financial statements. Although the guarantees relating to lines of credit and long-term debt are excluded from the scope of FIN 45, the nature of these guarantees and the amount outstanding are described in footnote 8 to the consolidated financial statements.

In some circumstances, the Company purchases inventory with payment terms requiring letters of credit. As of June 30, 2003, the Company has issued $20.3 million in standby letters of credit. These standby letters of credit are

generally issued for a one-year term and are supported by

BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

1. Basis of Presentation (continued)

Recently Issued Accounting Pronouncements (continued)

either availability under the Company's credit facilities or cash deposits. The underlying obligations for which these letters of credit have been issued are recorded in the financial statements at their full value. Should the Company fail to pay its obligation to one or all of these suppliers, the suppliers may draw on the standby letter of credit issued for them. The maximum future payments under these letters of credit are $20.3 million.

Additionally, the Company has issued certain guarantees on behalf of its subsidiaries with regard to accounts receivable transferred, the nature of which is described in footnote 6. While we do not currently anticipate the funding of these guarantees, the maximum potential amount of future payments under these guarantees at June 30, 2003 is approximately $21.9 million.

The Company's Certificate of Incorporation and By-laws provide for it to indemnify its officers and directors to the extent permitted by law. In connection therewith, the Company entered into indemnification agreements with its executive officers and directors. In accordance with the terms of these agreements, the Company reimbursed certain of our current and former executive officers and intend to reimburse its officers and directors for their personal legal expenses arising from certain pending litigation and regulatory matters. During the six months ended June 30, 2003, pursuant to their respective indemnification agreements with Brightpoint, Inc. and the Company's Certificate of Incorporation and By-laws, $1 thousand and $27 thousand in legal fees were paid on behalf of John P. Delaney, the Company's former Chief Accounting Officer, and Phillip A. Bounsall, the Company's former Chief Financial Officer, respectively. For the same period in 2002, pursuant to their respective indemnification agreements with Brightpoint, Inc. and the Company's Certificate of Incorporation and By-laws, $88 thousand and $45 thousand in legal fees were paid on behalf of John P. Delaney and Phillip A. Bounsall, respectively.

On April 30, 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("SFAS No. 149"). SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under Statement 133 and is to be applied prospectively to contracts entered into or modified after June 30, 2003. The Company is currently evaluating the effects, if any, that this standard will have on its results of operations and financial position.

In June of 2002, the FASB issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS No.146). SFAS No. 146 nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS No. 146 generally requires companies to recognize costs associated with exit activities when they are incurred rather than at the date of a commitment

to an exit or disposal plan and is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company applied the provisions of SFAS No. 146 during the first

1. Basis of Presentation (continued)

half of 2003 based upon its decision to consolidate its call center activities and close its Richmond, California call center. See Note 2 to the Consolidated Financial Statements.

In April of 2002, the FASB issued Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections ("SFAS No. 145"). SFAS No. 145 rescinds both FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt ("FASB Statement No. 4"), and an amendment to that Statement, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking Fund Requirements ("FASB Statement No. 64"). FASB Statement No. 4 required that all gains and losses from the extinguishment of debt be aggregated and, if material, be classified as an extraordinary item, net of the related income tax effect. Upon the adoption of SFAS No. 145, all gains and losses on the extinguishment of debt for periods presented in the financial statements would be classified as extraordinary items only if they meet the criteria in APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions (APB No. 30). The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 4 and FASB Statement No. 64 shall be applied for fiscal years beginning after May 15, 2002. The Company adopted SFAS No. 145 on January 1, 2003 and classified amounts previously reported as extraordinary gains or losses on debt extinguishment as a separate line item before Income from Continuing Operations for all periods presented. The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 44, the amendment of FASB Statement No. 13 and Technical Corrections became effective as of May 15, 2002 and did not have a material impact on the Company.

Basic net income (loss) per share is based on the weighted average number of common shares outstanding during each period, and diluted net income (loss) per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding during each period. The Company's common share equivalents consist of stock options and the Convertible Notes described in Note 8 to the Consolidated Financial Statements.

NET INCOME (LOSS) PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for the three and six months ended June 30, 2003 and 2002 (amounts in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002

Income (loss) from continuing operations	$ 3,754	$ 2,435	$ 1,494	$ (
Discontinued operations	563	(7,659)	(25)	(11,
Cumulative effect of a change in accounting principle, net of tax	-	-	-	(40,

Net income (loss)	$ 4,317	$ (5,224)	$ 1,469	$ (53,
Basic:				
Weighted average shares outstanding	8,024	7,990	8,024	7,
Per share amount:				
Income (loss) from continuing operations	$ 0.47	$ 0.30	$ 0.18	$ (0
Discontinued operations	0.07	(0.95)	-	(1
Cumulative effect of a change in accounting principle, net of tax	-	-	-	(5
Net income (loss)	$ 0.54	$ (0.65)	$ 0.18	$ (6
Diluted:				
Weighted average shares outstanding	8,024	7,990	8,024	7,
Net effect of dilutive stock options, based on the treasury stock method using average market price	230	-	211	
Total weighted average shares outstanding	8,254	7,990	8,235	7,
Per share amount:				
Income (loss) from continuing operations	$ 0.45	$ 0.30	$ 0.18	$ (0
Discontinued operations	0.07	(0.95)	-	(1
Cumulative effect of a change in accounting principle, net of tax	-	-	-	(5
Net income (loss)	$ 0.52	$ (0.65)	$ 0.18	$ (6

1. Basis of Presentation (continued)

STOCK OPTIONS

The Company uses the intrinsic value method to account for stock options as opposed to the fair value method. Under the intrinsic value method, no compensation expense has been recognized for stock options granted to employees. The table below presents a reconciliation of the Company's pro forma net income (loss) giving effect to the estimated compensation expense related to stock options that would have been reported if the Company utilized the fair value method (in thousands, except per share data):

	Three months ended June 30, 2003	Three months ended June 30, 2002	Si 200
Net income (loss) as reported	$ 4,317	$ (5,224)	$ 1
Stock-based employee compensation cost, net of related tax effects, that would have been included in the determination of net income (loss) if the fair value method had been applied	(291)	(218)	
Pro forma net income (loss)	$ 4,026	$ (5,442)	$
Basic earnings per share:			
Net income (loss) as reported	$ 0.54	$ (0.65)	$
Stock-based employee compensation cost, net of related tax effects, that would have been included in the determination of net income (loss) if the fair value method had been applied	(0.04)	(0.03)	(
Pro forma net income (loss)	$ 0.50	$ (0.68)	$
Diluted earnings per share:			
Net income (loss) as reported	$ 0.52	$ (0.65)	$
Stock-based employee compensation cost, net of related tax effects, that would have been included in the determination of net income (loss) if the fair value method had been applied	(0.03)	(0.03)	(
Pro forma net income (loss)	$ 0.49	$ (0.68)	$

BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

1. Basis of Presentation (continued)

COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized losses on derivative financial instruments and gains or losses

resulting from currency translations of foreign investments. The details of comprehensive income (loss) for the three and six months ended June 30, 2003 and 2002 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Net income (loss)	$ 4,317	$ (5,224)	$ 1,469	$(53,177)
Unrealized loss on derivatives	-	-	-	(50)
Foreign currency translation amounts	3,167	1,924	5,084	1,231
Comprehensive income (loss)	$ 7,484	$ (3,300)	$ 6,553	$(51,996)

2. Facility Consolidation Charge

During the first quarter of 2003, the Company began to consolidate its Richmond, California call center operation into its Plainfield, Indiana facility to reduce costs and increase productivity and profitability in its Americas division. The Company completed the consolidation of the facility in April of 2003, however, it continues to search for a sub-lessee of the Richmond, California premises. The facility consolidation affects the Company's Americas operating segment. During the first six months of 2003, the company recorded a pre-tax charge of $4.5 million which includes approximately $2.8 million for the present value of estimated lease costs, net of an anticipated sublease, non-cash losses on the disposal of assets of approximately $1.1 million and severance and other costs of approximately $0.6 million. At June 30, 2003, the Company had $2.9 million of reserves related to the facility consolidation. Total cash outflows relating to the charge were approximately $0.8 million through June 30, 2003. At this time, the Company does not expect to incur significant additional costs related to the facility consolidation. However, if the Company is unsuccessful in finding a sub-lessee or the terms of any sublease are less than originally estimated, the Company may incur additional expenses. The details of the charge are presented below (in thousands):

2. Facility Consolidation Charge (continued)

	Quarter Ended March 31, 2003	Quarter Ended June 30, 2003	Year-to-date June 30, 2003
Cash Items:			
Lease termination costs	$2,829	$ --	$ 2,829
Employee termination costs	173	96	269
Other exit costs	176	85	261

Total cash items	3,178	181	3,359
Non-cash items:			
Disposal of fixed assets	$1,102	$ --	$ 1,102
Total non-cash items	1,102	--	1,102
Total consolidation charge	$4,280	$ 181	$ 4,461

The reserve activity for facility consolidation as of June 30, 2003 as follows (in thousands):

Facility Consolidation Charge Reserve	Lease Termination Costs	Fixed Assets	Employee Termination Costs	Other Exit Costs	Total
January 1, 2003	$ -	$ -	$ -	$ -	$ -
Provisions	2,829	1,102	173	176	4,280
Non-cash usage	-	(1,102)	-	-	(1,102)
March 31, 2003	2,829	-	173	176	3,178
Provisions	-	-	96	85	181
Reclassification from accrued lease liability	289	-	-	-	289
Cash usage	(250)	-	(269)	(232)	(751)
Non-cash usage	-	-	-	-	-
June 30, 2003	$ 2,868	$ -	$ -	$ 29	$ 2,897

3. Discontinued Operations

The Company adopted Statement of Financial Accounting Standards No. 144 (SFAS No. 144) at the beginning of 2002. In connection with the adoption of SFAS No. 144, the results of operations and related disposal costs, gains and losses for business units that the Company has eliminated or sold are classified in discontinued operations, for all periods presented.

3. Discontinued Operations (continued)

During the third quarter of 2002, the Company and certain of its subsidiaries sold their respective ownership interests in Brightpoint Middle East FZE, and its subsidiary Fono Distribution Services LLC, and Brightpoint Jordan Limited to

Persequor Limited, an entity controlled by the former Managing Director of the Company's operations in the Middle East and certain members of his management team. In April 2003, the Company received an additional $1.3 million in contingent consideration related to the transaction, which is shown as an adjustment to the loss on the transaction within discontinued operations. There are no significant amounts of additional contingent consideration due to the Company pursuant to the Sale and Purchase Agreement with Persequor Limited.

As of June 30, 2003, the actions called for by the 2001 Restructuring Plan were substantially complete, however, the Company expects to continue to record adjustments through discontinued operations as necessary.

Further details of discontinued operations are as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Revenue	$ -	$ 39,559	$ 287	$ 95,582
Net operating income (loss)	$ 135	$ (4,760)	$ 20	$ (9,243)
Restructuring Plan gains (losses)	(900)	(2,899)	(1,373)	(2,324)
Recovery of contingent receivable	1,328	-	1,328	-
Total discontinued operations	$ 563	$ (7,659)	$ (25)	$(11,567)

At June 30, 2003, the Company had approximately $0.7 million in restructuring reserves related to the 2001 Restructuring Plan.

Net assets related to discontinued operations are classified in the Consolidated Balance Sheet at June 30, 2003 as follows (in millions):

Total current assets	$7.6
Other non-current assets	0.1
Total assets	$7.7
Accounts payable	$0.5
Accrued expenses and other liabilities	3.3
Total liabilities	$3.8

BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

4. Cumulative Effect of a Change in Accounting Principle

As of January 1, 2002, the Company adopted SFAS No. 142. Pursuant to the provisions of SFAS 142 the Company stopped amortizing goodwill as of January 1, 2002 and performs an impairment test on its goodwill at least annually. During the second quarter of 2002, the Company completed the transitional impairment test required under SFAS No. 142. As a result of the initial transitional impairment test, the Company recorded an impairment charge of approximately $40.7 million during the first quarter of 2002, which is presented as a cumulative effect of a change in accounting principle, net of tax, for the three and six months ended June 30, 2002. On October 1, 2002, the Company performed the required annual impairment test on its remaining goodwill and incurred no significant additional impairment charges.

In addition to performing the required transitional impairment test on the Company's goodwill, SFAS No. 142 required the Company to reassess the expected useful lives of existing intangible assets including patents, trademarks and trade names for which the useful life is determinable. At June 30, 2003, these intangibles total $2.0 million, net of accumulated amortization of $1.1 million and are currently being amortized as required by SFAS 142 over three to five years at approximately $0.4 million per year. The Company incurred no impairment charges as a result of SFAS No. 142 for intangibles with determinable useful lives, which are subject to amortization.

The changes in the carrying amount of goodwill by operating segment for the six months ended June 30, 2003 are as follows (in thousands):

	Europe	Asia-Pacific	TOTAL
Balance at December 31, 2002	$12,778	$ 280	$13,058
Goodwill from acquisitions	8	595	603
Effects of foreign currency fluctuation and other	1,518	32	1,550
Balance at June 30, 2003	$14,304	$ 907	$15,211

5. Accounts Receivable Transfers

During the six months ended June 30, 2003 and 2002, the Company entered into certain transactions or agreements with banks and other third-party financing organizations in France, Ireland, Sweden, Australia and Mexico, with respect to a portion of its accounts receivable in order to reduce the amount of working capital required to fund such receivables. These transactions have been treated as sales pursuant to current accounting principles generally accepted in the United States and, accordingly, are accounted for as off-balance sheet arrangements.

5. Accounts Receivable Transfers (continued)

Net funds received from the sales of accounts receivable during the six months ended June 30, 2003 and 2002 totaled $124.5 million and $95.0 million, respectively. Fees, in the form of discounts, incurred in connection with these sales totaled $0.8 million and $1.1 million during the six months ended June 30, 2003 and 2002, respectively, and were recorded as losses on the sale of assets and are included as a component of "Net other expenses" in the Consolidated Statements of Operations.

The Company is the collection agent on behalf of the bank or other third-party financing organization for many of these arrangements and has no significant retained interests or servicing liabilities related to accounts receivable that it has sold. The Company may be required to repurchase certain accounts receivable sold in certain circumstances, including, but not limited to, accounts receivable in dispute or otherwise not collectible, accounts receivable in which credit insurance is not maintained and a violation of, the expiration or early termination of the agreement pursuant to which these arrangements are conducted. These agreements require the Company's subsidiaries to provide collateral in the form of pledged assets and/or in certain situations the Company may provide a guarantee of its subsidiaries obligations. Pursuant to these arrangements, approximately $28.5 million and $30.1 million of trade accounts receivable were sold to and held by banks and other third-party financing institutions at June 30, 2003 and December 31, 2002, respectively.

6. Acquisitions and Divestitures

See Note 3 to the Consolidated Financial Statements for discussions of the Company's divestiture activities during 2002.

During the first quarter of 2003, one of the Company's subsidiaries in France acquired certain net assets of three entities that provide activation and other services to the wireless telecommunications industry in France. The purpose of these acquisitions was to expand the Company's customer base and geographic presence in France. These transactions were accounted for as purchases and, accordingly, the Consolidated Financial Statements include the operating results of these businesses from the effective dates of the acquisitions. The combined purchase price consisted of $0.6 million in cash. As a result of these acquisitions, the Company recorded goodwill and other intangible assets totaling approximately $0.7 million. Additionally, during the second quarter the Company recorded $0.6 million of goodwill related to certain earn-out arrangements on prior acquisitions.

7. Lines of Credit and Long-term Debt

On July 7, 2003, the Company amended the Credit Agreement between Brightpoint North America, L.P., Wireless Fulfillment Services LLC, the other Credit Parties and General Electric Capital Corporation. The amendment provides consent to join Brightpoint Activation Services LLC and to become joinder of the Agreement as other Credit Parties.

In the first quarter of 2003, the Company repurchased 21,803 of the 21,932 zero coupon, subordinated, convertible notes (Convertible Notes) then outstanding. The aggregate purchase price for all of these repurchases was $12 million ($549 per Convertible Note), which approximated their accreted value. As of March 31,

2003 the Company had repurchased all but 129 Convertible Notes outstanding with an accreted value of approximately $0.07 million. On April 30, 2003, the Company redeemed all of the remaining Convertible Notes.

At June 30, 2003 and December 31, 2002, there were no amounts outstanding under the Credit Agreement and available funding, net of the applicable required availability minimum at June 30, 2003 and December 31, 2002, was $28.1 million and $29.5 million, respectively.

In December of 2002, the Company's primary Australian operating subsidiaries, Brightpoint Australia Pty Ltd and Advanced Portable Technologies Pty Limited, entered into a revolving credit facility (the Facility) with GE Commercial Finance in Australia.. At June 30, 2003 and December 31, 2002, there was $13.4 million and $10.1 million outstanding, respectively, under the Facility at an interest rate of approximately 7.7% at June 30, 2003 and 7.8% at December 31, 2002. At June 30, 2003 there was approximately $14.4 million of unused availability under the Facility.

Another of the Company's subsidiaries, Brightpoint Sweden AB, has a short-term line of credit facility with SEB Finans AB. The facility has borrowing availability of up to 15 million Swedish Krona (approximately $1.9 million U.S. Dollars at June 30, 2003) and bears interest at 3.75%. The facility is supported by a guarantee provided by the Company and a mortgage on Brightpoint Sweden AB's assets. At June 30, 2003 and December 31, 2002, there were no amounts outstanding under this facility.

At June 30, 2003 and December 31, 2002, the Company was in compliance with the covenants in its credit agreements.

Cash-secured letters of credits of approximately $16.9 million supporting the Company's Brightpoint Asia Limited and Brightpoint Philippines operations were issued by financial institutions on behalf of the Company and are outstanding at June 30, 2003. The related cash collateral has been reported under the heading "Pledged cash" in the Consolidated Balance Sheet.

BRIGHTPOINT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2003
(UNAUDITED)

8. Operating Segments

The Company operates in markets worldwide and has three operating segments. These operating segments represent the Company's three divisions: the Americas, Asia-Pacific and Europe. These divisions all derive revenues from sales of wireless wireless devices, accessory programs and fees from the provision of integrated logistics services. The divisions are managed separately because of the geographic locations in which they operate.

The Company evaluates the performance of, and allocates resources to, these segments based on operating income (loss) from continuing operations including allocated corporate selling, general and administrative expenses. A summary of the Company's operations by segment is presented below (in thousands):

	2003	2002

	REVENUES FROM EXTERNAL CUSTOMERS	OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS	Revenues from External Customers	Operating Income (Loss) from Continuing Operations
THREE MONTHS ENDED JUNE 30:				
The Americas (1)	$ 100,828	$ 1,979	$ 122,758	$ (4,900)
Asia-Pacific	203,319	3,409	119,788	1,371
Europe	75,259	76	59,975	(1,365)
	$ 379,406	$ 5,464	$ 302,521	$ (4,894)
SIX MONTHS ENDED JUNE 30:				
The Americas (1)	$ 195,655	$ (1,527)	$ 254,384	$ (5,400)
Asia-Pacific	379,724	5,064	231,496	2,502
Europe	144,217	333	111,748	(4,303)
	$ 719,596	$ 3,870	$ 597,628	$ (7,201)

	JUNE 30, 2003	December 31, 2002
TOTAL SEGMENT ASSETS:		
The Americas (2) (3)	$159,815	$173,371
Asia-Pacific (3)	136,904	84,920
Europe (3)	80,196	78,011
	$376,915	$336,302

(1) Includes $4.5 million facility consolidation charge for the six months ended June 30, 2003, which includes approximately $2.8 million for the present value of estimated lease costs, net of an anticipated sublease, non-cash losses on the disposal of assets of approximately $1.1 million and severance and other costs of approximately $0.6 million.

(2) Includes assets of the Company's corporate operations.

(3) Includes assets held for sale or disposal of discontinued operations at June 30, 2003.

9. Contingencies and Legal Proceedings

The Company and several of its executive officers and directors were named as

defendants in two complaints filed in November and December 2001, in the United States District Court for the Southern District of Indiana, entitled Weiss v. Brightpoint, Inc., et. al., Cause No. IP01-1796-C-T/K; and Mueller v. Brightpoint, Inc., et. al., Cause No. IP01-1922-C-M/S. In February 2002, the Court consolidated the Weiss and Mueller actions and appointed John Kilcoyne as lead plaintiff in this action which is now known as In re Brightpoint, Inc. Securities Litigation. A consolidated amended complaint was filed in April 2002. The amended complaint, among other things, added the Company's current independent auditors as a defendant. The action is a purported class action asserted on behalf of all purchasers of the Company's publicly traded securities between January 29, 1999 and January 31, 2002.

On April 29, 2003, the parties to the litigation entered into a Stipulation of Settlement. The settlement provides for the Company's insurer, under the Company's directors and officers liability policy, to pay $5,050,000. These funds will be used to make distributions to members of the class who timely file a proof of claim, and to pay plaintiff's attorney's fees and expenses.

On May 1, 2003, the Court issued an order preliminarily approving the settlement and providing for notice of the settlement to the class. On July 18, 2003, the Court issued an order and judgment approving the settlement and dismissing the action.

In February 2002, Nora Lee, filed a complaint in the Circuit Court, Marion County, Indiana, Derivatively on Behalf of Nominal Defendant Brightpoint, Inc., vs. Robert J. Laikin, et. al. and Brightpoint, Inc. as a Nominal Defendant, Cause No. 49C01-0202-CT-000399. The parties previously have filed a stipulation agreeing to stay all proceedings in this derivative action pending a decision on the motions to dismiss the amended complaint in the In Re: Brightpoint, Inc. Securities Litigation action.

On April 30, 2003, a Stipulation of Settlement of this derivative action was filed with the Court. The settlement provides that the Company acknowledges it has made certain changes in its corporate governance policies and agrees to pay up to $275,000 for plaintiff's attorney's fees and expenses, as may be awarded by the Court. On May 2, 2003, the Court issued an order preliminarily approving the settlement and providing for notice of settlement. On July 2, 2003, the Court held a hearing for final approval of the settlement, and issued an order approving the settlement and dismissing the action. It also awarded plaintiff's attorneys' fees and expenses in the amount of $275,000, which were expensed in the first quarter of 2003.

9. Contingencies and Legal Proceedings (continued)

A complaint was filed on November 23, 2001 against the Company and 87 other defendants in the United States District Court for the District of Arizona, entitled Lemelson Medical, Education and Research Foundation LP v. Federal Express Corporation, et.al., Cause No. CIV01-2287-PHX-PGR. The plaintiff claims the Company and other defendants have infringed 7 patents alleged to cover bar code technology. The case seeks unspecified damages, treble damages and injunctive relief. The Court has ordered the case stayed pending the decision in a related case in which a number of bar code equipment manufacturers have sought a declaration that the patents asserted are invalid and unenforceable. That

trial concluded in January 2003, but the decision may not be issued for several months. The Company disputes these claims and intends to defend vigorously this matter.

A complaint was filed against the Company on November 25, 2002 in the United States District Court for the Southern District of Indiana, entitled Chanin Capital Partners LLC v. Brightpoint, Inc., Cause No. CV-1834-JDT. The plaintiff claims the Company breached a services contract with defendant under which the plaintiff alleges it was entitled to receive both a monthly advisory fee of $125,000 and an additional fee, due under certain specified circumstances, of $1.5 million less the amount of any previously-paid monthly advisory fees. The plaintiff seeks compensatory damages in an amount including, but not limited to $1.5 million, less advisory fees paid and payable, plus un-reimbursed reasonable expenses, applicable pre-judgment and post-judgment statutory interest, and reasonable costs of the action. In addition, the plaintiff claims that it is entitled to recover $125,000 for a monthly advisory fee on a theory of account stated. The Company disputes these claims and intends to defend this matter vigorously.

The Company has responded to requests for information and subpoenas from the Securities and Exchange Commission (SEC) in connection with an investigation of certain matters including its accounting treatment of a certain contract entered into with an insurance company. In addition, certain of the Company's officers, directors and employees have provided testimony to the SEC.

The Company is from time to time, also involved in certain legal proceedings in the ordinary course of conducting its business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes these legal proceedings will not have a material adverse effect on its financial position.

9. Contingencies and Legal Proceedings (continued)

The Company's Certificate of Incorporation and By-laws provide for it to indemnify its officers and directors to the extent permitted by law. In connection therewith, the Company has entered into indemnification agreements with its executive officers and directors. In accordance with the terms of these agreements the Company has reimbursed certain of its former and current executive officers and intends to reimburse its officers and directors for their personal legal expenses arising from certain pending litigation and regulatory matters.

The Company's subsidiary in South Africa whose operations were discontinued pursuant to the 2001 Restructuring Plan has received an assessment from the South Africa Revenue Service ("SARS") regarding value-added taxes the SARS claims are due, relating to certain product sale and purchase transactions entered into by the Company's subsidiary in South Africa from 2000 to 2002. Although the Company's liability pursuant to this assessment by the SARS, if any, cannot currently be determined, the Company believes the range of the potential liability is between $0 and $1.2 million U.S. dollars (at current exchange rates) including penalties and interest.

On April 30, 2003, the Company and certain other parties, including certain of

the Company's officers and directors, entered into a Release Agreement with the Company's insurance carrier relating to claims made by the Company under its directors and officers insurance policy to recover costs incurred by the Company, including reimbursement for costs and expenses of certain of the Company's current and former officers and directors, relating to the shareholder litigation and investigative matters described above. Pursuant to the Release Agreement the Company received $1.175 million in cash and agreed, among other things, not to pursue certain claims. The settlement amount of $1.175 million was recorded in the Consolidated Statement of Operations in the second quarter of 2003.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW AND RECENT DEVELOPMENTS

This discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. Our estimates were based on our historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments are outlined in our Annual Report on Form 10-K/A for the year ended December 31, 2002 and have not changed significantly. Certain statements made in this report may contain forward-looking statements. For a description of risks and uncertainties relating to such forward-looking statements, see the cautionary statements contained in Exhibit 99.1 to this report and our Annual Report on Form 10-K/A for the year ended December 31, 2002.

The operating results of the Company are influenced by a number of seasonal factors, which may cause our revenue and operating results to fluctuate on a quarterly basis. These fluctuations are the result of several factors, including, but not limited to:

- promotions and subsidies by wireless network operators;
- the timing of local holidays and other events affecting consumer demand;
- the timing of the introduction of new products by our suppliers and competitors;
- purchasing patterns of customers in different markets; and
- weather patterns.

For the three months ended June 30, 2003, the Company did not experience any significant seasonal factors. However, in periods which seasonality is

experienced, our interim results may not be indicative of annual results.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Revenue

Revenue by Division (in thousands):

	Three Months Ended							
	JUNE 30, 2003	PERCENT OF TOTAL	June 30, 2002	Percent of Total	March 31, 2003	Percent of Total	Change from Q2 2002 to Q2 2003	Chan Q1 2 Q2
The Americas	$100,828	27%	$122,758	41%	$ 94,827	28%	(18%)	
Asia-Pacific	203,319	53%	119,788	39%	176,405	52%	70%	1
Europe	75,259	20%	59,975	20%	68,958	20%	25%	
Total	$379,406	100%	$302,521	100%	$340,190	100%	25%	1

Revenue was $379 million, an increase of 25% from $302 million in the second quarter of 2002. The increase in revenue was primarily attributable to strong market demand for our products in the Asia-Pacific region, strengthening of foreign currencies against the U.S. dollar, which accounted for approximately 8 percentage points of the increase in revenue, and increased sales of prepaid wireless airtime in our Europe Division. The increase in demand in the Asia-Pacific region was primarily attributable to strong subscriber growth in India and other developing markets, and increasing promotional activities by network operators. As a result, wireless device sales in our Asia-Pacific Division increased by approximately $79 million, or 72%, from the second quarter of 2002. The sale of prepaid wireless airtime in our Europe Division increased by approximately $8 million, or 70%, as compared to the second quarter of 2002 due to the continued expansion of our electronic recharge capabilities and distribution points. These increases were offset by a decline in revenues in the Americas Division due to a sales mix shift from product distribution revenue to fee-based logistics services revenue which negatively impacted revenue by approximately $8 million, a general decline in the volume of accessory units handled and a decline of approximately 3% in the average selling prices of wireless devices.

Total wireless devices handled by the Company were approximately 4.1 million, an increase of 11% from approximately 3.7 million wireless devices handled in the second quarter of 2002. As compared to the first quarter of 2003, revenue increased by 12% from $340 million primarily due to increased demand in our Asia-Pacific and Americas Divisions coupled with the strengthening of foreign currencies against the U.S. dollar, which accounted for 3 percentage points of the increase in revenue. The Americas Division handled 4% more wireless devices than in the first quarter of 2003 and experienced a sales mix shift from fee-based logistics services to product distribution revenue, which contributed to the Company's 12% increase in revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Despite a slow start in the Asia-Pacific Division in the second quarter attributable to the effect of Severe Acute Respiratory Syndrome (SARS), demand recovered in the second half of the quarter and all markets in the Asia-Pacific Division experienced revenue growth. The Americas Division increased revenues and wireless devices handled from the first quarter of 2003 by 6% and 4%, respectively. Total wireless devices handled by the Company in the second quarter increased by 5% from the first quarter of 2003.

	Six Months Ended				
	JUNE 30, 2003	PERCENT OF TOTAL	June 30, 2002	Percent of Total	Change
The Americas	$195,655	27%	$254,384	43%	(23%)
Asia-Pacific	379,724	53%	231,496	39%	64%
Europe	144,217	20%	111,748	18%	29%
Total	$719,596	100%	$597,628	100%	20%

Revenue for the first half of 2003 increased by 20% compared to the comparable prior period due to strong market demand for our products in the Asia-Pacific region and the strengthening of foreign currencies against the U.S. dollar, particularly in the European region. These increases were offset by a decline in revenues in the Americas Division due to a sales mix shift from product distribution revenue to fee-based logistics services revenue, the lack of availability of certain CDMA-based wireless devices, a general decline in the volume of accessory units handled and the loss of customers due to industry consolidation.

Revenue by Service Line (in thousands):

	Three Months Ended					
	JUNE 30, 2003	PERCENT OF TOTAL	June 30, 2002	Percent of Total	March 31, 2003	Pe of
Sales of wireless devices	$305,419	80%	$239,540	79%	$271,713	
Accessory programs	18,871	5%	24,326	8%	16,476	
Integrated logistics services	55,116	15%	38,655	13%	52,001	
Total	$379,406	100%	$302,521	100%	$340,190	

Compared to the second quarter of 2002, we experienced an increase in revenue from wireless device sales in the second quarter of 2003 due primarily to increased volumes in the Asia-Pacific division partially offset by decreased wireless device distribution volumes in the Americas division due the factors

affecting divisional revenue discussed previously. When compared to the first quarter of 2003, revenues from wireless device sales increased due to increased demand in our Asia-Pacific and Americas Divisions coupled with the strengthening of foreign currencies against the US dollar discussed previously. Compared to the second quarter of 2002, we experienced decreased revenue from accessory programs during the second quarter of 2003, particularly in the Americas division, which experienced a sales mix shift from accessory program revenue to integrated logistics services. Additionally, many wireless devices now

include accessories bundled with the product that would have previously been sold separately. This has diminished overall demand for our accessory programs. Also, technological advancements in wireless devices, including extended battery life, have reduced overall demand for certain accessory products. When compared to the first quarter of 2003, accessory sales increased by 15% primarily attributable to camera wireless device sales in our Europe Division. When compared to the second quarter of 2002 and the first quarter of 2003, the increase in integrated logistics services revenues reflects increased revenue from our services related to prepaid wireless airtime in Sweden and Norway and the addition of new logistics services customers in the United States.

	SIX MONTHS ENDED			
	JUNE 30, 2003	PERCENT OF TOTAL	June 30, 2002	Percent of Total
Sales of wireless devices	$577,131	80%	$466,637	78%
Accessory programs	35,347	5%	54,768	9%
Integrated logistics services	107,118	15%	76,223	13%
Total	$719,596	100%	$597,628	100%

Revenues from wireless device sales increased in the first half of the year when compared to the prior year due to increased demand in our Asia-Pacific Division offset by a sales-mix shift from product distribution revenue to fee-based logistics services in our Americas division during 2003, as discussed previously. The decrease in accessory program revenue in the first six months of 2003 when compared to the first six months of 2002 was primarily in the Americas division, which experienced a sales mix shift from accessory program revenue to integrated logistics services. Additionally, many wireless devices now include accessories bundled with the product that would have previously been sold separately. This has diminished overall demand for our accessory programs. Logistics services revenue in the first six months increased when compared to the first six months of 2002 primarily reflecting increased revenue from our services related to prepaid wireless airtime in Sweden and Norway and the addition of new logistics services customers in the United States.

Gross Profit

(In thousands)	Three Months Ended JUNE 30, 2003	June 30, 2002	March 31, 2003	Six Months Ended June 30, 2003	June 30, 2002	Q2 20 Q2 2
Gross profit	$ 22,378	$ 14,454	$ 18,797	$ 41,175	$ 30,684	5
Gross margin	5.9%	4.8%	5.5%	5.7%	5.1%	

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Gross profit for the second quarter of 2003, increased 55% when compared to the second quarter of 2002 and increased 19% when compared to the first quarter of 2003. Gross margin was 5.9% for the second quarter of 2003, as compared to 4.8% for the second quarter of 2002, and compared to gross margins of 5.5% for the first quarter of 2003. The increase is primarily the result of improved gross margin performance in the Americas (improvement of 450 basis points) and Europe Divisions (improvement of 55 basis points), which in the second quarter of 2002 experienced inventory related charges and general pricing pressure. The Asia-Pacific Division experienced a decline in gross margin of approximately 70 basis points in comparison to the second quarter in 2002, due to pricing action taken to reduce excess inventory levels caused by weakened demand earlier in the second quarter of 2003 due to SARS and a reduction of supplier incentives in the second half of 2003.

The improvement in gross margin from the first quarter is primarily due to the earning of supplier incentives through higher volume purchases and sell-through and early payment discounts taken on supplier invoices. We accrue manufacturer incentives and rebates based on the terms of the specific vendor program and sales of qualifying products. For the six months ended June 30, 2003, the increase in both gross profit and gross margin when compared to the six months ended June 30, 2002 were due to the improvement in margins in the Americas Division as set forth above, prior year inventory write-downs in Germany, and earning supplier incentives through higher volume purchases and sell-through and early payments of supplier invoices.

Selling, General and Administrative Expenses

(In thousands)	Three Months Ended JUNE 30, 2003	June 30, 2002	March 31, 2003	Six Months Ended June 30, 2003	June 30, 2002	Q2 Q
Selling, general and administrative expenses	$ 16,733	$ 19,348	$ 16,111	$ 32,844	$ 37,885	
As a percent of revenue	4.4%	6.4%	4.7%	4.6%	6.3%	

Selling, general and administrative ("SG&A") expenses were $16.7 million, a decrease of 14% from $19.3 million in the second quarter of 2002. As a percentage of revenue, SG&A expenses were 4.4% compared to 6.4% in the second

quarter of 2002, with the improvement attributable to the increase in revenue and an improvement in SG&A expenses in absolute dollars. The improvement in SG&A expenses in absolute dollars is the result of cost reduction efforts made in 2002 and the benefit of a $900 thousand legal expense recovery. Additionally, in the second quarter of 2002, SG&A expenses included $1.5 million in employee severance costs. As compared to the first quarter of 2003, SG&A expenses increased by 4%, or $622 thousand. This is due to the growth in revenue and profitability which has increased certain variable costs such as compensation and bad debt expense, and expenses relating to the recently launched India operations, partially offset by the $900 thousand legal expense recovery discussed above. For the

six months ended June 30, 2003, SG&A expenses declined by 13% from the comparable prior period. The reduction is primarily attributable to cost reduction efforts taken in 2002, the benefit of the $900 thousand legal expense recovery set forth above, and a general reduction in legal fees. In addition, SG&A expenses the first half of 2002 included $1.5 million in employee severance costs.

Facility Consolidation Charge

During the first quarter of 2003, the Company began to consolidate its Richmond, California call center operation into its Plainfield, Indiana facility to reduce costs and increase productivity and profitability in its Americas division. The Company completed the consolidation of the facility in April of 2003, however, it continues to search for a sub-lessee of the Richmond, California premises. The facility consolidation affects the Company's Americas operating segment. During the first six months of 2003, the company recorded a pre-tax charge of $4.5 million which includes approximately $2.8 million for the present value of estimated lease costs, net of an anticipated sublease, non-cash losses on the disposal of assets of approximately $1.1 million and severance and other costs of approximately $0.6 million. At June 30, 2003, the Company had $2.9 million of reserves related to the facility consolidation. Total cash outflows relating to the charge were approximately $0.8 million through June 30, 2003. At this time, the Company does not expect to incur significant additional costs related to the facility consolidation. However, if the Company is unsuccessful in finding a sub-lessee or the terms of any sublease are less than originally estimated, the Company may incur additional expenses. See Note 2 to the Consolidated Financial Statements for further discussion.

Operating Income (Loss) from Continuing Operations

	Three Months Ended			Six Months End	
(In thousands)	JUNE 30, 2003	June 30, 2002	March 31, 2003	June 30, 2003	June 200
Operating income (loss) from continuing operations	$ 5,464	$ (4,894)	$ (1,594)	$ 3,870	$ (7,
As a percent of revenue	1.4%	(1.6%)	(0.5%)	0.5%	(

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Operating income from continuing operations (including the facility consolidation charge) for the second quarter of 2003 was $5.5 million, an improvement of $10.4 million from the second quarter of 2002 and an increase of $7.1 million from the first quarter of 2003. The operating income (loss) from continuing operations for the six months ended June 30, 2003 as compared to the same period of 2002, increased by $11.1 million. This increase is caused by the increase in revenue, the increase in gross margin and the decrease in selling, general and administrative expenses as a percent of revenue.

Income (Loss) from Continuing Operations

	Three Months Ended			Six Months End	
(In thousands)	JUNE 30, 2003	June 30, 2002	March 31, 2003	June 30, 2003	June 200
Income (loss) from continuing operations	$ 3,754	$ 2,435	$ (2,260)	$ 1,494	$ (
As a percent of revenue	1.0%	0.8%	(0.7%)	0.2%	(

Income (loss) from continuing operations for each period presented was primarily attributable to the factors discussed above in the analyses of revenue, gross margin, SG&A and the facility consolidation charge. In addition, net interest expense for the second quarter of 2003 decreased $1.3 million from the second quarter of 2002 and was relatively flat to the first quarter of 2003. Net interest expense decreased $3.5 million in the first half of 2003 compared to the first half of 2002. These reductions are the direct result of the Convertible Note repurchases discussed above and the reduction of other debt. Net other expenses for the second quarter of 2003 were $0.2 million, a decrease of $0.3 million from the second quarter of 2002 and a decrease of $0.5 million from the first quarter of 2003. The decrease is due in part to our recovery of $0.3 million in connection with the settlement of the shareholder derivative lawsuit. For the first six months of 2003, net other expense was $1.0 million, relatively flat compared to $0.7 million in the first half of 2002. This is due in part to the recovery of expenses discussed previously. Income from continuing operations per diluted share was $0.45 for the second quarter of 2003 compared to a $0.30 in the second quarter of 2002 and a loss from continuing operations per diluted share of $0.28 in the first quarter of 2003. For the six months ended June 30, 2003 and 2002 income (loss) from continuing operations per diluted share was $0.18 and $(0.11), respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Pro Forma Income (Loss) from Continuing Operations

In addition to the GAAP results provided throughout this document, we have provided non-GAAP measurements, which present operating results on a pro forma basis excluding certain specified items. Details of the excluded items are presented in the table below. The non-GAAP measures do not replace the presentation of our GAAP financial results. We have provided this supplemental non-GAAP information because it provides meaningful comparisons of our continuing operations for the periods presented in this document. These measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from pro forma measures used by other companies.

Management uses these non-GAAP measures internally because they provide feedback of the ongoing part of the business where management dedicates the majority of its attention and these non-GAAP measures provide a means where management can track its progress relative to its operating plans and prior periods. The transactions excluded in these non-GAAP measures either pertain to certain events relating to non-operating assets or liabilities or to certain other events that are significantly material so that exclusion of the events would, we in management's belief, significantly enhance a reader's ability to compare the unaffected parts of our business. We have found that investors have an interest in understanding the entire business, as well as, the ongoing part of the business. We believe that both GAAP and our non-GAAP measures provide an understanding in both areas. Additionally, we have the ability to make a determination of the probable tax consequences of these events, which an investor may not. The consequences of income taxes on items excluded in our non-GAAP measures have varied materially in the past from our average effective tax rate.

More specifically, operating income excluding a facilities consolidation charge (non-GAAP) provides both management and investors with a view of the ongoing part of the business that was unaffected by the excluded event. The intent of the facilities consolidation was to reduce operating costs in the future and this non-GAAP measure provides both management and investors with comparative results to measure the effectiveness of the event on the ongoing part of the business in future periods. Income from continuing operations excluding the facilities consolidation charge, net of tax, and gains or losses on debt extinguishment, net of tax, in prior periods (non-GAAP) provide both management and investors a comparative view of the ongoing part of the business in the current period relative to prior periods. This comparison distinguishes non-operating material transactions resulting from Convertible Notes, which were repurchased in full in 2003. We do not currently have any debt obligations of a similar nature or magnitude. As compared to the current period, in prior periods, GAAP required these material events to be treated as extraordinary items. Management and investors, we believe, had previously developed a meaningful understanding of the ongoing part of the business without the effect of these

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Pro Forma Income (Loss) from Continuing Operations

material non-operating events. Pro forma operating income from continuing

operations before depreciation and amortization excludes expenses associated with our capital investments, outstanding borrowings, and income taxes, which management also considers when evaluating the profitability of our operations. However, management evaluates capital investments through its effect on free cash flows. In addition, management uses these measures for reviewing the financial results of the Company and budget planning purposes. We believe that investors are also interested in the business' ability to contribute to the Company's cash flow. Management also reviews and utilizes the entire statement of cash flows to evaluate cash flow performance.

	Three Months Ended	
	June 30, 2003	June 30, 2002
Operating income (loss) from continuing operations - GAAP presentation	$ 5,464	$(4,894)
Facility consolidation charge	181	-
Operating income (loss) from continuing operations - Pro Forma presentation	$ 5,645	$(4,894)
Income (loss) from continuing operations - GAAP presentation	$ 3,754	$ 2,435
Facility consolidation charge, net of tax	137	-
(Gain) loss on debt extinguishment, net of tax	-	(7,513)
Income (loss) from continuing operations - Pro Forma presentation	$ 3,891	$(5,078)
Per Share Amounts (diluted):		
Income (loss) from continuing operations - GAAP presentation	$ 0.45	$ 0.30
Facility consolidation charge, net of tax	0.02	-
Gain) loss on debt extinguishment, net of tax	-	(0.94)
Income (loss) from continuing operations - Pro Forma presentation	$ 0.47	$ (0.64)
Other Amounts:		
Operating income (loss) from continuing operations - GAAP presentation	$ 5,464	$(4,894)
Facility consolidation charge	181	-
Depreciation and amortization	3,231	2,782
Pro forma operating income from continuing operations before depreciation and amortization	$ 8,876	$(2,112)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (CONTINUED)

Discontinued Operations

During 2002, we took action to better position ourselves for long-term and more consistent success by divesting or closing operations in which potential returns were not likely to generate an acceptable return on invested capital. The action included; i) the sale, through certain of our subsidiaries, of our interests in Brightpoint China Limited to Chinatron, ii) the sale, through certain of our subsidiaries, of our interests in Brightpoint Middle East FZE, its subsidiary Fono Distribution Services LLC and Brightpoint Jordan Limited to Persequor Limited, iii) the sale, through certain of our subsidiaries, of certain operating assets of Brightpoint de Mexico. S.A. de C.V and our respective ownership interest in Servicios Brightpoint de Mexico, S.A. de C.V. to Soluciones Inteligentes para el Mercado Movil, S.A. de C.V. (SIMM), an entity which is wholly-owned and controlled by Brightstar de Mexico S.A. de C.V, iv) closure of our Miami sales office and v) the continued execution of our 2001 Restructuring Plan, which called for the elimination of operations in Brazil, Jamaica, South Africa, Venezuela and Zimbabwe and the consolidation of our operations and activities in Germany, the Netherlands and Belgium, including regional management, into a new facility in Germany. Losses incurred in the second quarter 2002, resulting from the above actions totaled $7.7 million ($0.95 per share). Net gains totaled $0.6 million ($0.07 per share) in the second quarter of 2003, primarily due to the receipt of $1.3 million in contingent consideration relating to the divestiture of the Company's Middle East operations in the third quarter of 2002 offset by unrealized foreign currency translation losses caused by the strengthening of foreign currencies relative to the U.S. dollar. See Note 3 to the Consolidated Financial Statements for further discussion.

Cumulative Effect of a Change in Accounting Principle

During the second quarter of 2002, we completed the goodwill and other intangible asset impairment testing required by the adoption of SFAS 142. Consequently, we recorded in the first quarter of 2002 an impairment charge totaling $40.7 million relating to this change in accounting principle. Approximately $8.5 million of this charge related to the sale of Brightpoint China Limited to Chinatron Group Holdings Limited which was previously classified in discontinued operations in our June 30, 2002 financial statements and has now been reclassified to the cumulative effect of an accounting change as a part of the adoption of SFAS 142. See Note 4 to the Consolidated Financial Statements for further discussion.

Net Income (Loss)

As a result of the factors, charges and gains discussed above, our net income for the three months ending June 30, 2003 was $4.3 million compared to a net loss of $5.2 million for the three months ending June 30, 2002. Our net income for the six months ending June 30, 2003 was $1.5 million compared to a net loss of $53.2 million for the six months ending June 30, 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

(In thousands)	June 30, 2003	December

Cash and cash equivalents (includes pledged cash)	$ 78,159	$ 58
Working capital	$ 74,072	$ 60
Current ratio	1.30 : 1	1.29

We have historically satisfied our working capital requirements principally through cash flow from operations, vendor financing, bank borrowings and the issuance of equity and debt securities. The increase in working capital at June 30, 2003 compared to December 31, 2002 is comprised primarily of the effect of increased inventory levels and favorable vendor payment terms. We believe that cash flow from operations and available bank borrowings will be sufficient to continue funding our short-term capital requirements. However, significant changes in our business model, significant operating losses or expansion of operations in the future may require us to seek additional and alternative sources of capital. Consequently, there can be no assurance that we will be able to obtain any additional funding on terms acceptable to us or at all.

Net cash provided by operating activities was $19.1 million for the six months ending June 30, 2003, as compared to cash provided by operating activities of $40.4 million in the six months ending June 30, 2002. The decrease in 2003 was primarily the result of increased revenues resulting in a larger investment in working capital. Average days sales outstanding in accounts receivable were approximately 24 days at June 30, 2003, compared to approximately 28 days at December 31, 2002 and approximately 34 days at June 30, 2002. Average days inventory on-hand were 28 days at June 30, 2003, compared to approximately 22 days at December 31, 2002 and 24 days at June 30, 2002. Average days of accounts payable outstanding were approximately 48 days at June 30, 2003, compared to approximately 39 days at December 31, 2002 and approximately 42 days at June 30, 2002. These changes combined to create a decrease in cash conversion cycle days to 4 days at June 30, 2003 from 11 days at December 31, 2002. This reduction was primarily the result of the extension of vendor payment terms and payments and our efforts to reduce accounts receivable. A cash conversion cycle of 4 days may not be sustainable. Details of our methodology for calculating cash conversion cycle days are included in our Annual Report on Form 10-K/A for the year ended December 31, 2002.

Unrestricted cash and cash equivalents at June 30, 2003 increased by approximately $17.4 million when compared to December 31, 2002 and pledged cash increased by approximately $2.2 million at June 30, 2003 when compared to December 31, 2002. The increase in unrestricted cash is primarily the result of cash generated from operating activities. In the ordinary course of business, the Company may receive large customer payments, at any given time, and may make large supplier payments, at any given time. The timing of these types of payments, in conjunction with the timing of certain operating expenses, such as monthly real estate lease payments and payroll disbursements can cause our cash balance to fluctuate throughout the quarter. The increase in pledged cash is primarily the result of additional certain cash-secured letters of credit in the Asia-Pacific Division.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

The slight reduction in accounts receivable during the six months ended June 30, 2003 was attributable to the successful acceleration of our accounts receivable collection cycle and sales or financing transactions of certain accounts

receivable to banks and other financing organizations in Ireland, Sweden, and France. These transactions qualify as sales pursuant to current accounting principles generally accepted in the United States and, accordingly, are accounted for as off-balance sheet arrangements. Net funds received from the sales of accounts receivable during six months ended June 30, 2003 and 2002 totaled $124.5 million and $95.0 million, respectively. Additionally, in exchange for payment of accounts receivable we accepted a note receivable from a customer totaling approximately $3.3 million, due in December 2003. This note receivable is included in other current assets.

We are the collection agent on behalf of the financing organization for many of these arrangements. We have no significant retained interests or servicing liabilities related to accounts receivable that we have sold, although, we may be required to repurchase certain accounts receivable in certain circumstances including, but not limited to, accounts receivable in dispute or otherwise not collectible, accounts receivable in which credit insurance is not maintained and a violation of, the expiration or early termination of the agreement pursuant to which these arrangements are conducted. These agreements require our subsidiaries to provide collateral in the form of pledged assets and/or in certain situations a guarantee of our subsidiaries obligations may be given by us. Pursuant to these arrangements, approximately $28.5 million and $30.1 million of trade accounts receivable were sold to and held by banks and other third-party financing institutions at June 30, 2003 and December 31, 2002, respectively. For more information on our accounts receivable transfers, see Note 5 to the Consolidated Financial Statements. The collection of our accounts receivable and our ability to accelerate our collection cycle through the sale of accounts receivable is affected by several factors, including, but not limited to, our credit granting policies, contractual provisions, our customers and our overall credit rating as determined by various credit rating agencies, industry and economic conditions, the ability of the customer to provide security, collateral or guarantees relative to credit granted by us, the customer's and our recent operating results, financial position and cash flows and our ability to obtain credit insurance on amounts that we are owed. Adverse changes in any of these factors, certain of which may not be wholly in our control, could create delays in collecting or an inability to collect our accounts receivable which could have a material adverse effect on our financial position, cash flows and results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

At June 30, 2003, our allowance for doubtful accounts was $6.8 million compared to $5.3 million at December 31, 2002, which we believe was adequate for the size and nature of our receivables at those dates. Bad debt expense as a percent of revenues was less than 1.0% for the six months ending June 30, 2003. However, we have incurred significant accounts receivable impairments in connection with our 1999 and 2001 restructuring plans because we ceased doing business in certain markets, significantly reducing our ability to collect the related receivables. Also, our accounts receivable are concentrated with network operators, agent dealers and retailers operating in the wireless telecommunications and data industry and delays in collection or the uncollectibility of accounts receivable could have an adverse effect on our liquidity and working capital position. We believe that during 2001 and 2002 many participants in the wireless telecommunications and data industry, including certain of our customers, experienced operating results that were below previous expectations, decreases in overall credit ratings and increasing costs to obtain capital. We believe this trend may continue into 2003 and could have an adverse effect on our

financial position and results of operations. We intend to offer open account terms to additional customers, which subjects us to further credit risks, particularly in the event that receivables are concentrated in particular geographic markets or with particular customers. We seek to minimize losses on credit sales by closely monitoring our customers' credit worthiness and by obtaining, where available, credit insurance or security on open account sales to certain customers.

The increase in inventories and corresponding increase in days inventory on-hand during the six months ended June 30, 2003 are due primarily to an increase in June 30, 2003 inventory levels in our Asia-Pacific region. With regards to inventory levels in the United States, in December of 2002, we entered into an amendment to our distribution agreement with a significant vendor in the United States that, among other provisions, changed certain purchasing and invoicing processes to create a just-in-time inventory arrangement that has allowed us to reduce the amount of inventories. This arrangement has expired and could impact our inventory levels and liquidity.

We offer financing of inventory and receivables to certain network operator customers and their agents and manufacturer customers under contractual arrangements. Under these contracts we manage and finance inventories and receivables for these customers resulting in a contract financing receivable. Contract financing receivables decreased to $11.6 million at June 30, 2003 from $17.0 million at December 31, 2002. In addition, we have vendor payables of $19.2 million and $22.1 million at June 30, 2003 and December 31, 2002, respectively that represent the unfunded portion of these contract financing receivables. The disproportionate change in unfunded contract financing receivables to contract financing receivables is related to temporary timing differences of cash payments for certain contract financing of inventory purchases. These receivables included $2.2 million and $5.8 million of wireless products located at our facilities at June 30, 2003 and December 31, 2002 respectively. In addition, we have commitments under

these contracts to provide inventory financing for these customers pursuant to various limitations defined in the applicable service agreements. See Note 6 to the Consolidated Financial Statements.

The increase in accounts payable at June 30, 2003 when compared to December 31, 2002 is due primarily to increased vendor payables in our Asia-Pacific division relating to certain inventory purchases in connection with the launch of our India operations. We rely on our suppliers to provide trade credit financing and favorable payment terms to adequately fund our on-going operations and product purchases. The payment terms received from our suppliers is dependent on several factors, including, but not limited to, our payment history with the supplier, the suppliers credit granting policies, contractual provisions, our overall credit rating as determined by various credit rating agencies, our recent operating results, financial position and cash flows and the supplier's ability to obtain credit insurance on amounts that we owe them. Adverse changes in any of these factors, certain of which may not be wholly in our control, could have a material adverse effect on our operations.

At June 30, 2003, net property and equipment decreased from December 31, 2002, due primarily to depreciation expense and the write-off of certain fixed assets in connection with the consolidation of our Richmond, California call center to

our facility in Plainfield, Indiana as discussed previously. Capital expenditures totaled $1.9 million for the six months ended June 30, 2003 as compared to $6.5 million in the six months ended June 30, 2002.

The slight increase in goodwill and other intangibles at June 30, 2003 as compared to December 31, 2002 is primarily the result of certain small purchase acquisitions in France during the first quarter of 2003 and the effects of the translation of foreign currency denominated goodwill and other intangibles as foreign currencies strengthened against the U.S. dollar during the six months ended June 30, 2003. See Note 7 to the Consolidated Financial Statements for further discussion regarding our acquisition activities.

Net cash provided by investing activities for the six months ending June 30, 2003 was $6.5 million compared to net cash provided by investing activities of $1.9 in the same period of 2002. The increase is due primarily to the reduction capital expenditures.

On July 7, 2003, the Company amended the Credit Agreement between Brightpoint North America, L.P., Wireless Fulfillment Services LLC, the other Credit Parties and General Electric Capital Corporation. The amendment provides consent to join Brightpoint Activation Services LLC and to become joiner of the Agreement as other Credit Parties.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

In the first quarter of 2003, the Company repurchased 21,803 of the 21,932 zero coupon, subordinated, convertible notes (Convertible Notes) then outstanding. The aggregate purchase price for all of these repurchases was $12 million ($549 per Convertible Note), which approximated their accreted value. As of March 31, 2003 the Company had repurchased all but 129 Convertible Notes outstanding with an accreted value of approximately $0.07 million. On April 30, 2003, the Company redeemed all of the remaining Convertible Notes.

At June 30, 2003 and December 31, 2002, there were no amounts outstanding under the Revolver and available funding, net of the applicable required availability minimum at June 30, 2003 and December 31, 2002, was $28.1 million and $29.5 million, respectively.

In December of 2002, the Company's primary Australian operating subsidiaries, Brightpoint Australia Pty Ltd and Advanced Portable Technologies Pty Limited, entered into a revolving credit facility (the Facility) with GE Commercial Finance in Australia. At June 30, 2003 and December 31, 2002, there was $13.4 million and $10.1 million outstanding, respectively, under the Facility at an interest rate of approximately 7.7% at June 30, 2003 and 7.8% at December 31, 2002. At June 30, 2003 there was approximately $14.4 million of unused availability under the Facility.

Another of the Company's subsidiaries, Brightpoint Sweden AB, has a short-term line of credit facility with SEB Finans AB. The facility has borrowing availability of up to 15 million Swedish Krona (approximately $1.9 million U.S. Dollars at June 30, 2003) and bears interest at 3.75%. The facility is supported by a guarantee provided by the Company and a mortgage on Brightpoint Sweden AB's assets. At June 30, 2003 and December 31, 2002, there were no amounts outstanding under this facility.

At June 30, 2003 and December 31, 2002, the Company was in compliance with the

covenants in its credit agreements.

Cash-secured letters of credits of approximately $16.9 million supporting the Company's Brightpoint Asia Limited and Brightpoint Philippines operations were issued by financial institutions on behalf of the Company and are outstanding at June 30, 2003. The related cash collateral has been reported under the heading "Pledged cash" in the Consolidated Balance Sheet.

Net cash used by financing activities during the six months ending June 30, 2003 decreased compared to the same period in 2002 as a result of reduced debt.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity ("SFAS No. 150").

SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify certain financial instruments as a liability (or as an asset in some circumstances). SFAS No. 150 is effective for the Company at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 does not have an impact on the Company's financial statements.

In 2003, the Financial Accounting Standards Board issued Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 defines a variable interest entity (VIE) as a corporation, partnership, trust or any other legal structure that does not have equity investors with a controlling financial interest or has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires consolidation of a VIE by the primary beneficiary of the assets, liabilities, and results of activities effective for 2003. FIN 46 also requires certain disclosures by all holders of a significant variable interest in a VIE that are not the primary beneficiary. The broad-based effective date of FIN 46 is deferred for public companies until the end of periods ending after December 15, 2003. The Company does not believe the issuance of FIN No. 46 will have a material impact on its financial position or results of operations.

In 2002, the Financial Accounting Standards Board issued Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 requires guarantees to be recorded at fair value and requires a guarantor to make significant new disclosure, even when the likelihood of making any payments under the guarantee is remote. FIN 45's initial recognition and initial measurement provisions are applicable on a prospective basis to the guarantees issued or modified after December 31, 2002. However, its disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002.

The Company has issued certain guarantees on behalf of its subsidiaries with regard to lines of credit and long-term debt, for which the liability is recorded in the Company's financial statements. Although the guarantees relating to lines of credit and long-term debt are excluded from the scope of FIN 45, the nature of these guarantees and the amount outstanding are described in footnote 8 to the consolidated financial statements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In some circumstances, the Company purchases inventory with payment terms requiring letters of credit. As of June 30, 2003, the Company has issued $20.3 million in standby letters of credit. These standby letters of credit are generally issued for a one-year term and are supported by either availability under the Company's credit facilities or cash deposits. The underlying obligations for which these letters of credit have been issued are recorded in the financial statements at their full value. Should the Company fail to pay its obligation to one or all of these suppliers, the suppliers may draw on the standby letter of credit issued for them. The maximum future payments under these letters of credit are $20.3 million.

Additionally, the Company has issued certain guarantees on behalf of its subsidiaries with regard to accounts receivable transferred, the nature of which is described in footnote 6. While we do not currently anticipate the funding of these guarantees, the maximum potential amount of future payments under these guarantees at June 30, 2003 is approximately $21.9 million.

The Company's Certificate of Incorporation and By-laws provide for it to indemnify its officers and directors to the extent permitted by law. In connection therewith, the Company entered into indemnification agreements with its executive officers and directors. In accordance with the terms of these agreements, the Company reimbursed certain of our current and former executive officers and intend to reimburse its officers and directors for their personal legal expenses arising from certain pending litigation and regulatory matters. During the six months ended June 30, 2003, pursuant to their respective indemnification agreements with Brightpoint, Inc. and the Company's Certificate of Incorporation and By-laws, $1 thousand and $27 thousand in legal fees were paid on behalf of John P. Delaney, the Company's former Chief Accounting Officer, and Phillip A. Bounsall, the Company's former Chief Financial Officer, respectively. For the same period in 2002, pursuant to their respective indemnification agreements with Brightpoint, Inc. and the Company's Certificate of Incorporation and By-laws, $88 thousand and $45 thousand in legal fees were paid on behalf of John P. Delaney and Phillip A. Bounsall, respectively.

On April 30, 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("SFAS No. 149"). SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under Statement 133 and is to be applied prospectively to contracts entered into or modified after June 30, 2003. The Company is currently evaluating the effects, if any, that this standard will have on its results of operations and financial position.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June of 2002, the FASB issued Statement of Financial Accounting Standards No.

146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS No.146). SFAS No. 146 nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS No. 146 generally requires companies to recognize costs associated with exit activities when they are incurred rather than at the date of a commitment to an exit or disposal plan and is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company applied the provisions of SFAS No. 146 during the first half of 2003 based upon its decision to consolidate its call center activities and close its Richmond, California call center. See Note 2 to the Consolidated Financial Statements.

In April of 2002, the FASB issued Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections ("SFAS No. 145"). SFAS No. 145 rescinds both FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt ("FASB Statement No. 4"), and an amendment to that Statement, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking Fund Requirements ("FASB Statement No. 64"). FASB Statement No. 4 required that all gains and losses from the extinguishment of debt be aggregated and, if material, be classified as an extraordinary item, net of the related income tax effect. Upon the adoption of SFAS No. 145, all gains and losses on the extinguishment of debt for periods presented in the financial statements would be classified as extraordinary items only if they meet the criteria in APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions (APB No. 30). The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 4 and FASB Statement No. 64 shall be applied for fiscal years beginning after May 15, 2002. The Company adopted SFAS No. 145 on January 1, 2003 and classified amounts previously reported as extraordinary gains or losses on debt extinguishment as a separate line item before Income from Continuing Operations for all periods presented. The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 44, the amendment of FASB Statement No. 13 and Technical Corrections became effective as of May 15, 2002 and did not have a material impact on the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE AND FOREIGN CURRENCY EXCHANGE RATE RISKS

We are exposed to financial market risks, including changes in interest rates and foreign currency exchange rates. To mitigate interest rate risks, we have historically utilized interest rate swaps to convert certain portions of our variable rate debt to fixed interest rates. To mitigate foreign currency exchange rate risks, we periodically utilize derivative financial instruments under the Foreign Currency Risk Management Policy approved by our Board of Directors. We do not use derivative instruments for speculative or trading purposes.

We are exposed to changes in interest rates on our variable interest rate revolving lines of credit. A 10% increase in short-term borrowing rates during the three months ended June 30, 2003, would have resulted in only a nominal increase in interest expense. We did not have any interest rate swaps outstanding at June 30, 2003.

A portion of our revenue and expenses are transacted in markets worldwide and are denominated in currencies other than the U.S. Dollar. Accordingly, our future results could be adversely affected by a variety of factors, including changes in specific countries' political, economic or regulatory conditions and

trade protection measures.

Our foreign currency risk management program is designed to reduce but not eliminate unanticipated fluctuations in earnings, cash flows and the value of foreign investments caused by volatility in currency exchange rates by hedging, where believed to be cost-effective, significant exposures with foreign currency exchange contracts, options and foreign currency borrowings. Our hedging programs reduce, but do not eliminate, the impact of foreign currency exchange rate movements. An adverse change (defined as a 10% strengthening or weakening of the U.S. Dollar) in all exchange rates would not have had a material impact on our results of operations for June 30, 2003. At June 30, 2003, there were no cash flow or net investment hedges open. Our sensitivity analysis of foreign currency exchange rate movements does not factor in a potential change in volumes or local currency prices of our products sold or services provided. Actual results may differ materially from those discussed above.

ITEM 4. CONTROLS AND PROCEDURES

Within the 90-day period prior to the filing of this report, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of their evaluation, there were no significant changes in our internal controls or in other factors that could significantly affect the internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company and several of its executive officers and directors were named as defendants in two complaints filed in November and December 2001, in the United States District Court for the Southern District of Indiana, entitled Weiss v. Brightpoint, Inc., et. al., Cause No. IP01-1796-C-T/K; and Mueller v. Brightpoint, Inc., et. al., Cause No. IP01-1922-C-M/S. In February 2002, the Court consolidated the Weiss and Mueller actions and appointed John Kilcoyne as lead plaintiff in this action which is now known as In re Brightpoint, Inc. Securities Litigation. A consolidated amended complaint was filed in April 2002. The amended complaint, among other things, added the Company's current independent auditors as a defendant. The action is a purported class action asserted on behalf of all purchasers of the Company's publicly traded securities between January 29, 1999 and January 31, 2002.

On April 29, 2003, the parties to the litigation entered into a Stipulation of Settlement. The settlement provides for the Company's insurer, under the Company's directors and officers liability policy, to pay $5,050,000. These funds will be used to make distributions to members of the class who timely file a proof of claim, and to pay plaintiff's attorney's fees and expenses.

On May 1, 2003, the Court issued an order preliminarily approving the settlement and providing for notice of the settlement to the class. On July 18, 2003, the Court issued an order and judgment approving the settlement and dismissing the action.

In February 2002, Nora Lee, filed a complaint in the Circuit Court, Marion County, Indiana, Derivatively on Behalf of Nominal Defendant Brightpoint, Inc., vs. Robert J. Laikin, et. al. and Brightpoint, Inc. as a Nominal Defendant, Cause No. 49C01-0202-CT-000399. The parties previously have filed a stipulation agreeing to stay all proceedings in this derivative action pending a decision on the motions to dismiss the amended complaint in the In Re: Brightpoint, Inc. Securities Litigation action.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings (continued)

On April 30, 2003, a Stipulation of Settlement of this derivative action was filed with the Court. The settlement provides that the Company acknowledges it has made certain changes in its corporate governance policies and agrees to pay up to $275,000 for plaintiff's attorney's fees and expenses, as may be awarded by the Court. On May 2, 2003, the Court issued an order preliminarily approving the settlement and providing for notice of settlement. On July 2, 2003, the Court held a hearing for final approval of the settlement, and issued an order approving the settlement and dismissing the action. It also awarded plaintiff's attorneys' fees and expenses in the amount of $275,000, which was recorded in the Consolidated Statement of Operations in the first quarter of 2003. This amount was recovered in the second quarter of 2003.

A complaint was filed on November 23, 2001 against the Company and 87 other defendants in the United States District Court for the District of Arizona, entitled Lemelson Medical, Education and Research Foundation LP v. Federal Express Corporation, et.al., Cause No. CIV01-2287-PHX-PGR. The plaintiff claims the Company and other defendants have infringed 7 patents alleged to cover bar code technology. The case seeks unspecified damages, treble damages and injunctive relief. The Court has ordered the case stayed pending the decision in a related case in which a number of bar code equipment manufacturers have sought a declaration that the patents asserted are invalid and unenforceable. That trial concluded in January 2003, but the decision may not be issued for several months. The Company disputes these claims and intends to defend vigorously this matter.

A complaint was filed against the Company on November 25, 2002 in the United States District Court for the Southern District of Indiana, entitled Chanin Capital Partners LLC v. Brightpoint, Inc., Cause No. CV-1834-JDT. The plaintiff claims the Company breached a services contract with defendant under which the plaintiff alleges it was entitled to receive both a monthly advisory fee of $125,000 and an additional fee, due under certain specified circumstances, of $1.5 million less the amount of any previously-paid monthly advisory fees. The plaintiff seeks compensatory damages in an amount including, but not limited to $1.5 million, less advisory fees paid and payable, plus un-reimbursed reasonable expenses, applicable pre-judgment and post-judgment statutory interest, and reasonable costs of the action. In addition, the plaintiff claims that it is entitled to recover $125,000 for a monthly advisory fee on a theory of account stated. The Company disputes these claims and intends to defend this matter vigorously.

The Company has responded to requests for information and subpoenas from the Securities and Exchange Commission (SEC) in connection with an investigation of certain matters including its accounting treatment of a certain contract entered into with an insurance company. In addition, certain of the Company's officers, directors and employees have provided testimony to the SEC.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings (continued)

The Company is from time to time, also involved in certain legal proceedings in the ordinary course of conducting its business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes these legal proceedings will not have a material adverse effect on its financial position.

The Company's Certificate of Incorporation and By-laws provide for it to indemnify its officers and directors to the extent permitted by law. In connection therewith, the Company has entered into indemnification agreements with its executive officers and directors. In accordance with the terms of these agreements the Company has reimbursed certain of its former and current executive officers and intends to reimburse its officers and directors for their personal legal expenses arising from certain pending litigation and regulatory matters.

The Company's subsidiary in South Africa whose operations were discontinued pursuant to the 2001 Restructuring Plan has received an assessment from the South Africa Revenue Service ("SARS") regarding value-added taxes the SARS claims are due, relating to certain product sale and purchase transactions entered into by the Company's subsidiary in South Africa from 2000 to 2002. Although the Company's liability pursuant to this assessment by the SARS, if any, cannot currently be determined, the Company believes the range of the potential liability is between $0 and $1.2 million U.S. dollars (at current exchange rates) including penalties and interest.

On April 30, 2003, the Company and certain other parties, including certain of the Company's officers and directors, entered into a Release Agreement with the Company's insurance carrier relating to claims made by the Company under its directors and officers insurance policy to recover costs incurred by the Company, including reimbursement for costs and expenses of certain of the Company's current and former officers and directors, relating to the shareholder litigation and investigative matters described in Note 9 to the Consolidated Financial Statements. Pursuant to the Release Agreement the Company received $1.175 million in cash and agreed, among other things, not to pursue certain claims. The settlement amount of $1.175 million was recorded in the Consolidated Statement of Operations in the second quarter of 2003.

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PART II. OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits

The list of exhibits is hereby incorporated by reference to the Exhibit Index on page 38 of this report.

(b) Reports on Form 8-K

(i) On May 1, 2003 we furnished a Form 8-K in satisfaction of Item 12 "Disclosure of Results of Operations and Financial Condition" of Form 8-K and is being presented under Item 9 "Regulation FD Disclosure" pursuant to the interim

guidance of the Securities and Exchange Commission for the first quarter results.

(ii) On April 30, 2003, we furnished a Form 8-K under Item 9 "Regulation FD Disclosure". In the Release the Company reported its settlement of both the In re Brightpoint, Inc. Securities Litigation class action and the Nora Lee derivative action.

(iii) On April 3, 2003, we furnished a Form 8-K under Item 5 "Other Events and Regulation FD Disclosure". The Company confirmed that it currently has no intentions to pursue a secondary offering or placement of its securities.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned thereunto duly authorized.

Brightpoint, Inc.
(Registrant)

Date: November 25, 2003

/s/ Frank Terence

Frank Terence
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 25, 2003

/s/ Lisa M. Kelley

Lisa M. Kelley
Sr. Vice President,
Chief Accounting Officer and Corporate Controller
(Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	Description
10.39	Amendment No. 5 dated July 7, 2003 to Credit Agreement among Brightpoint North America L.P., and Wireless Fulfillment Services LLC,, the other credit parties signatory thereto, the lenders signatory thereto and General Electric Capital Corporation (incorporated by reference to Exhibit 10.39 to the Registrants Form 10-Q for the quarter ended June 30, 2003 previously filed with the SEC)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, implementing Section 302 of the Sarbanes-Oxley Act of 2002

31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Cautionary Statements