INNOVA HOLDINGS
Form SB-2
August 09, 2005

As filed with the Securities and Exchange Commission on August 9, 2005

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	INNOVA HOLDINGS, INC. (Name of Registrant in Our Charter)	95-4868120 (I.R.S. Employer Identification No.)

17105 SAN CARLOS BOULEVARD SUITE A1651 FORT MYERS, FLORIDA 33931 (239) 466-0488 (Address and telephone number of Principal Executive Offices and Principal Place of Business)	7371 (Primary Standard Industrial Classification Code Number)	WALTER WEISEL 17105 SAN CARLOS BOULEVARD SUITE A6151 FORT MYERS, FLORIDA 33931 (239) 466-0488 (Name, address and telephone number of agent for service)

Copies to:

ROBERT L. DAVIDSON, ESQ.
400 PARK AVENUE, SUITE 1430
NEW YORK, NEW YORK 10022
(212) 277-7432

Approximate date of commencement of proposed sale to the public: AS SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

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

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

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

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

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)
Common Stock, par value $0.001 per share	284,364,726 shares (2)	$.04	$11,374,589
TOTAL	284,364,726 shares (2)	$.04	$11,374,589

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

(2) Of these shares, 250,000,000 will be issued under the Standby Equity Distribution Agreement, 2,608,699 were issued as a one-time commitment fee under the Standby Equity Distribution Agreement with Cornell Capital Partners, L.P., 289,855 were issued as a one-time placement agent fee under the Placement Agent Agreement to Monitor Capital, Inc., which advised us in connection with the Standby Equity Distribution Agreement, and 31,466,172 are held by selling shareholders who acquired their shares in private placements.

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

PRELIMINARY
PROSPECTUS

Subject to completion, dated August 9, 2005

INNOVA HOLDINGS, INC.
284,364,726 SHARES OF COMMON STOCK

This prospectus relates to the sale of up to 284,364,726 shares of common stock of Innova Holdings, Inc. ("Innova" or the "Company") by certain persons who are stockholders of Innova, including Cornell Capital Partners, L.P. ("Cornell Capital Partners"). Please refer to "Selling Stockholders" beginning on page 13. Innova is not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. Innova will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement ("Equity Distribution Agreement"), which was entered into on June 14, 2005 between Innova and Cornell Capital Partners. All costs associated with this registration will be borne by Innova.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the Over-the-Counter Bulletin Board during the term of this offering. On August 1, 2005, the last reported sale price of our common stock was $0.03. Our common stock is quoted on the Over-the-Counter Bulletin Board under the symbol "IVHG." These prices will fluctuate based on the demand for the shares of common stock.

The selling stockholders consist of Cornell Capital Partners, which intends to sell up to 252,608,699 shares of common stock, 250,000,000 of which will be acquired by it pursuant to the Equity Distribution Agreement and 2,608,699 of which were received from Innova as a one-time commitment fee under the Equity Distribution Agreement. In addition to Cornell Capital Partners, the other stockholders selling shares under this offering are Monitor Capital, Inc. ("Monitor"), which intends to sell up to 289,855 shares acquired as a one-time placement agent fee for advising us in connection with the Equity Distribution Agreement, and other selling shareholders who acquired their shares in private placements and intend to sell up to 31,466,172 shares.

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

Brokers or dealers effecting transactions in these shares should confirm that the shares are registered under applicable state law or that an exemption from registration is available.

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

PLEASE READ THE "RISK FACTORS" BEGINNING ON PAGE 5.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND NEITHER THE COMPANY NOR THE SELLING STOCKHOLDERS ARE SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

The date of this prospectus is August 9, 2005.

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PROSPECTUS SUMMARY

INTRODUCTION

The following is only a summary of the information, financial statements and notes included in this prospectus. You should read the entire prospectus carefully, including "Risk Factors" and our Financial Statements and the notes to the Financial Statements before making any investment decision regarding the Company. In this prospectus, "we," "us," "our," and the "Company" refer to Innova Holdings, Inc.

The "Company" is an automation technology company providing hardware and software systems-based solutions for the manufacturing, aerospace, consumer, medical, entertainment, and service industries. The Company's plan of operations is to continue to market and sell its existing business solutions in automation and motion control and to identify, develop, and acquire complementary technologies that are or will become market leaders. Innova also looks to create opportunities to leverage all of its technologies into value-added applications when combined with other solutions offered by the Innova group of companies.

Through its wholly-owned subsidiary Robotic Workspace Technologies, Inc., Innova currently offers a suite of hardware and software systems-based solutions to the industrial, service, and personal robotic markets. Its software and hardware solutions benefit industrial robot users and developers of new technology and are adaptable to the commercial end-user market as well. Innova offers its solutions through licensing of its proprietary software and the sale of its control systems as well as through complete system development and integration services.

The primary market for the Company's Universal Robot Controller is the Retrofit market. Virtually all of the 800,000 + older robots in use throughout all of manufacturing have antiquated control systems which require replacement in order to improve functionality to current standards of the robotic industry, and to drastically reduce the costs of spare parts. Currently, owners of these older robots must buy their spare parts from the Original Equipment Manufacturers (OEMs). Since these spare parts for the controller are proprietary to the OEM, the costs of these spare parts is very high, thus providing a substantial profit margin to the OEMs. The Company's Universal Robotic Controller is a state of the art high performance solution which in management's opinion provides more features and functionality than the controllers of the robot OEMs. The Company believes that the retrofitting of industrial robot installations throughout manufacturing will experience steady growth and that the Company is positioned to participate in this growth.

The Company's business operations commenced in 1994 and have been underway since that date. The Company developed software technology and received three patents for its Universal Robot Controller. There were 10 controllers sold and other sales which in total was greater than $2.0 million since the commencement of sales in 1994. Unfortunately, as a result of the September 11, 2001 attacks in the US and the recession, the Company had to reduce substantially its business operations. However, with the recovery in the economy and in particular in the manufacturing sector, the Company is restoring its infrastructure. Sales are in process along with the reestablishment of operating and production facilities. Additionally, the Company has plans to continue its development of an additional product which had not been its primary product offering nor its primary business activity, the Universal Automation Controller.

Most of the current business activities have been focused on the immediate sales and production of the Company's Universal Robot Controller. Such business activities have included the rebuilding of the sales organization and rebuilding the engineering staff, as well as marketing and production. Today we have seven individuals supporting the Company in sales activities, six individuals supporting production activities, and 8,000 square feet of production facilities. Seven of these individuals are direct employees and the others are independent contractors who do not contribute all of their time to the Company's activities. Individuals previously employed are returning which cuts the training and start up period. Sales activities are underway and the company received its first order for multiple Universal Robot Controllers earlier this year, and recently received an important order from NASA Goddard Space Flight Center for the Company's high performance controller. The lead time for the fulfillment of orders is long, usually between six to seven months for new applications and four to six months for repeat applications. Accordingly, management does not expect to record any of the current orders as sales until the fourth quarter of 2005 and the first quarter of 2006.

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GOING CONCERN

The report of our independent auditors includes a going concern uncertainty explanatory paragraph in their auditors' report. Management recognizes that the Company must generate capital and revenue resources to enable it to continue to operate. Ultimately, Innova must achieve profitable operations. The Company is planning to obtain additional capital from revenue generated from operations and through the sale of equity securities. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon Innova obtaining additional revenues and equity capital and ultimately achieving profitable operations. However, no assurances can be given that the Company will be successful in these activities. Should any of these events not occur, the Company could be required to curtail some operations or cease operations entirely.

ABOUT US

Our principal executive offices are located at 17105 San Carlos Boulevard, Suite A6151, Fort Myers, Florida 33931. Our telephone number is (239) 466-0488. Our website is www.innovaholdings.com.

THE OFFERING

This offering relates to the sale of common stock by certain persons who are stockholders of Innova. Cornell Capital Partners is a stockholder of Innova who intends to sell up to 252,608,699 shares of common stock, 250,000,000 of which will be purchased under the Equity Distribution Agreement and 2,608,699 of which were received from Innova as a one-time commitment fee under the Equity Distribution Agreement. The other selling stockholders are Monitor Capital, Inc., the Company's Placement Agent which advised us in connection with the Equity Distribution Agreement, and intends to sell up to 289,855 shares of common stock, and the other selling shareholders (including Walter Weisel, the Company's Chairman and CEO) listed on page 13 who intend to sell up to 31,466,172 shares. The commitment amount of funds Cornell Capital will use to purchase shares from the Company under the Equity Distribution Agreement is $10,000,000. At an assumed price of $.04 per share, Innova will be able to receive the entire $10,000,000 in gross proceeds assuming the sale of the entire 250,000,000 shares being registered under this registration statement.

On June 14, 2005, Innova entered into an Equity Distribution Agreement with Cornell Capital Partners. Under the Equity Distribution Agreement, Innova may issue and sell to Cornell Capital Partners common stock for a total purchase price of up to $10,000,000. The purchase price for the shares is equal to their market price, which is defined in the Equity Distribution Agreement as the lowest volume weighted average price of the common stock during the five trading days following the date notice is given by the Company that it desires an advance. The amount of each advance is subject to an aggregate maximum advance amount of $400,000, with no advance occurring within five trading days of a prior advance. Cornell Capital Partners received a one-time commitment fee of 2,608,699 shares of the Company's common stock equal to approximately $90,000 based on Innova's stock price on May 4, 2005, when the term sheet for the Equity Distribution Agreement was signed. Cornell Capital Partners is paid a fee equal to 5% of each advance, which is retained by Cornell Capital Partners from each advance. The Company will pay a structuring fee of $500 for each advance made under the Equity Distribution Agreement. The Company also issued to Cornell Capital Partners its promissory note for $300,000. The principal of the note is payable in three $100,000 installments due on the 30th, 60th and 90th days following the date the registration statement for the shares to be issued under the Equity Distribution Agreement is declared effective by the SEC. The note

does not bear interest except in the event of a default. On June 14, 2005, Innova entered into a Placement Agent Agreement with Monitor Capital, Inc. a registered broker-dealer. Pursuant to the Placement Agent Agreement, Innova paid a one-time placement agent fee of 289,855 restricted shares of common stock equal to approximately $10,000 based on Innova's stock price on May 4, 2005, when the term sheet for the Equity Distribution Agreement was signed.

The other selling shareholders acquired their shares in private transactions with the Company.

COMMON STOCK OFFERED	284,364,726 shares by selling stockholders
OFFERING PRICE	Market price
COMMON STOCK OUTSTANDING BEFORE THE OFFERING	444,245,676 shares as of June 15, 2005(1)
USE OF PROCEEDS	We will not receive any proceeds of the shares offered by the selling stockholders. Any proceeds we receive from the sale of common stock under the Equity Distribution Agreement will be used for general working capital purposes, repayment of debt and implementing the Company's growth strategies. See "Use of Proceeds."
RISK FACTORS	The securities offered hereby involve a high degree of risk and immediate substantial dilution. See "Risk Factors" and "Dilution."
OVER-THE-COUNTER BULLETIN BOARD SYMBOL	IVHG

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(1) Excludes up to an estimated 250,000,000 shares of common stock to be issued under the Equity Distribution Agreement. Includes the commitment fee of 2,608,699 shares of common stock received by Cornell Capital Partners and the one-time placement agent fee of 289,855 shares of common stock received by Monitor Capital, Inc.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

STATEMENT OF OPERATIONS	FOR YEAR ENDED DECEMBER 31 2004	FOR YEAR ENDED DECEMBER 31 2003	FOR THE THREE MONTHS ENDED MARCH 31 2005 (unaudited)	FOR THE THREE MONTHS ENDED MARCH 31 2004 (unaudited)
REVENUES	$ 0	$ 0	$ 0	$ 0
OPERATING EXPENSES	1,325,978	130,733	533,532	92,159
INTEREST EXPENSE	100,953	73,096	23,537	(21,217)
NET LOSS	(1,426,931)	(203,829)	(557,069)	(113,376)
LOSS PER SHARE	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

BALANCE SHEET DATA	DECEMBER 31, 2004	MARCH 31, 2005

	(unaudited)	
Current assets:		
Cash	$ 2,794	$ 33,999
Property and Equipment (net)	7,688	7,272
TOTAL ASSETS	$ 10,482	$ 41,271
Current liabilities	2,360,467	2,805,796
Long term debt	951,400	951,400
Mandatory redeemable Series A Preferred	80,300	82,800
TOTAL LIABILITIES	$ 3,392,167	$ 3,839,996
Stockholders' (deficit)		
Preferred stock, $.001 par value; 1,000,000 shares authorized 376,834 shares and 525,000 shares issued and outstanding at December 31, 2004 and March 31, 2005, respectively	377	525
Common stock, $.001 par value; 900,000,000 shares authorized 371,296,897 shares issued and outstanding at December 31, 2004 and March 31, 2005	371,297	371,297
Additional paid-in capital	3,687,421	3,971,302
Accumulated deficit	(7,440,780)	(8,141,849)
TOTAL STOCKHOLDERS' (DEFICIT)	(3,381,685)	(3,798,725)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	$ 10,482	$ 41,271

RISK FACTORS

WE ARE SUBJECT TO VARIOUS RISKS THAT MAY MATERIALLY HARM OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION IN THIS PROSPECTUS BEFORE DECIDING TO PURCHASE OUR COMMON STOCK. IF ANY OF THESE RISKS OR UNCERTAINTIES ACTUALLY OCCURS, OUR BUSINESS, FINANCIAL CONDITION OR OPERATING RESULTS COULD BE MATERIALLY HARMED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT.

RISKS RELATED TO OUR BUSINESS

INNOVA HAS HISTORICALLY LOST MONEY AND LOSSES MAY CONTINUE IN THE FUTURE, WHICH MAY CAUSE US TO CURTAIL OPERATIONS.

For the year ended December 31, 2004, we lost $1,426,931 and for the three months ended March 31, 2005, we lost $557,069. Our accumulated deficit was $7,440,780 as at December 31, 2004. While we are building our sales and operating infrastructure, future losses are likely to occur, as we are dependent on spending money in excess of funds received from sales to pay for our operations. No assurances can be given that we will be successful in reaching or maintaining profitable operations. Accordingly, we may experience liquidity and cash flow problems. If our losses continue, our ability to operate may be severely impacted which may cause us to cease operations altogether.

INNOVA MAY NEED TO RAISE ADDITIONAL CAPITAL OR DEBT FUNDING TO SUSTAIN OPERATIONS.

Unless Innova can become profitable with the existing sources of funds we have available, including funds to be received under the terms of the Equity Distribution Agreement, and our operations generate sufficient cash flows to enable the Company to generate a profit on a sustained basis, we will require additional capital to sustain operations and we may need access to additional capital or additional debt financing to grow our operations. In addition, to the extent that we have a working capital deficit and cannot offset the deficit from profitable sales, we may have to raise capital to repay the deficit and provide more working capital to permit growth in revenues. We cannot assure that financing whether from external sources or related parties will be available if needed or on favorable terms. Our potential inability to obtain adequate financing if necessary will result in the need to reduce the pace of business operations. Any of these events could be materially harmful to our business and may result in a lower stock price and could cause us to cease operations altogether.

THE REPORT OF OUR INDEPENDENT AUDITORS INCLUDES A GOING CONCERN UNCERTAINTY EXPLANATORY PARAGRAPH FOR THE YEARS ENDED DECEMBER 31, 2004, AND DECEMBER 31, 2003, WHICH MEANS THAT WE MAY NOT BE ABLE TO CONTINUE OPERATIONS UNLESS WE CAN BECOME PROFITABLE OR OBTAIN ADDITIONAL FUNDING.

We have a history of operating losses that are likely to continue in the future. Our auditors have included an uncertainty explanatory paragraph in their Independent Auditor's Report included in our audited financial statements for the years ended December 31, 2004 and 2003 to the effect that our significant losses from operations and our dependence on equity and debt financing raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. We expect to be able to continue operations for twenty four months with the cash currently on hand, anticipated from our operations and from the Standby Equity Distribution Agreement entered into by the Company and Cornell Capital Partners, which was signed on June 14, 2004.

WE HAVE A WORKING CAPITAL DEFICIT, WHICH MEANS THAT OUR CURRENT ASSETS ON DECEMBER 31, 2004 WERE NOT SUFFICIENT TO SATISFY OUR CURRENT LIABILITIES AND, THEREFORE, OUR ABILITY TO CONTINUE OPERATIONS IS AT RISK.

As of December 31, 2004, the date of our most recent audited financial statements, we had a working capital deficit of $2,349,985 which means that our current liabilities as of that date exceeded our current assets by $2,349,985. As of March 31, 2005, our working capital deficit was $2,764,525. Current assets are assets that are expected to be converted to cash within one year and, therefore, may be used to pay current liabilities as they become due. Our working capital deficit means that our current assets were not sufficient to satisfy all of our current liabilities on December 31, 2004 and March 31, 2005. If our ongoing operations do not begin to provide sufficient profitability to offset the working capital deficit, we may have to raise additional capital or debt in the future to fund the deficit or curtail future plans.

OUR PRODUCTS MUST BE ACCEPTED IN THE MARKET.

If our Universal Robot Controller and our Universal Automation Controller do not achieve market acceptance by an increasing customer base, we will not be able to generate revenues necessary to support our business operations, which could result in the termination of our operations.

OUR COMMON STOCK MAY BE AFFECTED BY LIMITED TRADING VOLUME AND MAY FLUCTUATE SIGNIFICANTLY, WHICH MAY AFFECT OUR SHAREHOLDERS' ABILITY TO SELL SHARES OF OUR COMMON STOCK.

Prior to the date of this prospectus, there has been a limited public market for our common stock and there can be no assurance that a more active trading market for our common stock will develop. An absence of an active trading market could adversely affect our shareholders' ability to sell our common stock in short time periods, or possibly at all. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially. These fluctuations may also cause short sellers to enter the market from time to time in the belief that Innova will have poor results in the future. We cannot predict the actions of market participants and, therefore, can offer no assurances that the market for our stock will be stable or appreciate over time. The market factors may negatively impact our shareholders' ability to sell shares of the Company's common stock.

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

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

o With a price of less than $5.00 per share;

o That are not traded on a "recognized" national exchange;

o Whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ listed stock must still have a price of not less than $5.00 per share); or

o In issuers with net tangible assets less than $2.0 million (if the issuer has been in continuous operation for at least three years) or $10.0 million (if in continuous operation for less than three years), or with average revenues of less than $6.0 million for the last three years.

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

WE RELY IN PART ON SYSTEMS INTEGRATORS TO SELL OUR PRODUCTS.

We believe that our ability to sell products to system integrators will be important to our success. Our relationships with system integrators are generally not exclusive, and some of our system integrators may expend a significant amount of effort or give higher priority to selling products of other companies. In the future, any of our system integrators may discontinue their relationships with us. The loss of or a significant reduction in revenues from system integrators to which we may sell a significant amount of our products could negatively impact our business, financial condition or results of operations.

THE SUCCESS OF OUR BUSINESS DEPENDS ON OUR KEY EMPLOYEES.

We are highly dependent upon the continuing contributions of our key management, sales, and software engineering and product development personnel. In particular, we would be adversely affected if we were to lose the services of Walter K. Weisel, Chief Executive Officer and Chairman of the Board, who has provided significant leadership to us since our inception. In addition, the loss of the services of any of our senior managerial, technical or sales personnel could impair our business, financial condition, and results of operations.

OUR EXISTING AND NEW PRODUCTS, SERVICES AND TECHNOLOGIES MAY NEVER BE PROFITABLE.

Currently the Company has its Universal Robot Controller (URC) and related software to sell to owners of industrial robots as well as to non-industrial customers needing the functions and features of industrial robots; this later category is generally considered the Service Robot market and is a market in the process of emerging. Today the Company is actively selling its Universal Robot Controller into each of the industrial and service robot markets. The Company is always in the process of evaluating the URC and determining the appropriate time to upgrade to the next generation of URC. Management of the Company has made the decision to invest some of the proceeds form the Equity Distribution Agreement in that upgrade. Additionally, the Company previously invested resources in the development of a Universal Automation Controller (UAC) which should have a broad market application in all uses of automation devices in the manufacturing industries. Additional funds are required to complete the development of the UAC. We have made significant investments in research and development for the UAC. Substantial revenues from these products, services and technologies may not be achieved for a number of years, if at all. Moreover, these products and services may never be profitable.

IF WE FAIL TO ADEQUATELY PROTECT OUR INTELLECTUAL PROPERTY RIGHTS, COMPETITORS MAY USE OUR TECHNOLOGY AND TRADEMARKS, WHICH WOULD WEAKEN OUR COMPETITIVE POSITION AND MAY RESULT IN THE FAILURE OF OUR BUSINESS.

Our success depends, in part, upon our patented proprietary technology. We rely on a combination of three issued patents, copyrights, trademarks and trade secret rights, confidentiality procedures and licensing arrangements to establish and protect our proprietary rights. It is possible that other companies could successfully challenge the validity or scope of our patents and that our patents may not be supported. Eliminating a competitive advantage the Company currently enjoys. As part of our confidentiality procedures, we generally enter into non-disclosure agreements with our employees, distributors and corporate partners and into license agreements with respect to our software, documentation and other proprietary information. Despite these precautions, third parties could copy or develop similar technology independently. The protection of our proprietary rights may not be adequate and our competitors could independently develop similar technology, duplicate our products, or design around patents and other intellectual property rights that we hold. In connection with our efforts to protect our intellectual property, the Company believed it necessary to commence an action in the Florida Federal District Court against ABB, Inc. and ABB Robotics AB, for alleged misappropriation of trade secrets, breach of contract and breach of the covenant of good faith. The Company may need to commence other litigation to protect its intellectual property and such litigation may be costly or unsuccessful.

WE NEED TO ESTABLISH AND MAINTAIN STRATEGIC AND LICENSING RELATIONSHIPS.

Innova's success will depend in part upon its ability to establish and maintain strategic and licensing relationships with companies in our markets as well as in related business fields, including but not limited to businesses in the industrial manufacturing markets and businesses in the service robotic markets. Innova believes that these relationships are needed to allow Innova access to manufacturing, sales and distribution resources. However, the amount and timing of resources to be devoted to these activities by such other companies are not within Innova's control. There can be no assurance that Innova will be able to maintain its existing relationships or enter into beneficial relationships in the future, that other parties will perform their obligations as expected or that Innova's reliance on others will not result in unforeseen problems. There can be no assurance that Innova's current and potential future strategic partners and licensees will not develop or pursue alternative technologies either on their own or in collaboration with others, including with Innova's competitors. The failure of any of Innova's current or future collaboration efforts could have a material adverse effect on Innova's ability to sell existing products or to introduce new products or applications and therefore could have a material adverse effect on Innova's business, financial condition and results of operations.

A BREACH OF CUSTOMER CONFIDENTIAL INFORMATION COULD DAMAGE OUR BUSINESS.

Any breach of security relating to confidential information of customers could result in legal liability for Innova and a reduction in customer's use or total cancellation of their participation, which could materially harm our business. It is anticipated that we will receive highly confidential information from customers. Innova anticipates that it will possess sensitive customer information as part of our services, which could be valuable to competitors or other similar companies if misappropriated or accessed. Innova's security procedures and protocols to protect the customer against the risk of inadvertent disclosure or intentional breach of security might fail, thereby exposing customers to the risk of disclosure of their confidential information.

WE HAVE RECEIVED A SUBPOENA FROM THE SEC REGARDING A TRANSACTION FROM APRIL 2003.

The Company received a subpoena from the SEC dated May 10, 2005 relating to an investigation of trading in certain OTC stocks, including the Company's common stock. The subpoena seeks documents relating to the merger and financing transactions entered into by the Company in April 2003. The investigation is still in its early stages and the Company is not able to predict what actions, if any, the SEC may take against the Company as a result of the investigation.

In August 2004, the Company completed a reverse merger with Robotic Workspace

Technology, Inc. (RWT). The subpoena concerns transactions that occurred 16 months before the RWT merger. The management of the Company, including Walter Weisel, who took office as Chief Executive Officer of the Company in August 2004 following the merger with RWT, intends to cooperate to the fullest extent possible in the investigation.

RISKS RELATED TO THIS OFFERING

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

Sales of our common stock in the public market following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Of the 444,245,676 shares of common stock outstanding as of June 15, 2005, 63,827,420 shares are, or will be, freely tradable without restriction, unless held by our "affiliates." The remaining 380,418,256 shares of common stock are held by existing stockholders, including the officers and directors, are "restricted securities" and may be resold in the public market only if registered or pursuant to an exemption from registration. Some of these shares may be resold under Rule 144.

NEW SHAREHOLDERS WILL EXPERIENCE SIGNIFICANT DILUTION IN NET TANGIBLE BOOK VALUE PER SHARE.

The sale of shares in this offering will have a dilutive impact on our new stockholders. For example, if the offering occurred on June 15, 2005 at an assumed offering price of $.04 per share, the new stockholders would experience an immediate dilution in net tangible book value of $0.031 per share. If our stock price is higher, then our new stockholders would experience greater dilution.

CORNELL CAPITAL PARTNERS WILL PAY LESS THAN THE THEN-PREVAILING MARKET PRICE OF OUR COMMON STOCK UNDER THE EQUITY DISTRIBUTION AGREEMENT.

The common stock to be issued under the Equity Distribution Agreement will be issued at 96% of the lowest volume weighted average price during the five trading days following the date notice is given by the Company that it desires an advance. In addition, Cornell Capital Partners will retain 5% from each advance. These discounted sales could cause the price of our common stock to decline.

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

The selling stockholders intend to sell in the public market up to 284,364,726 shares of the common stock being registered in this offering. That means that up to 284,364,726 shares may be sold pursuant to this registration statement. As a result our net income per share could decrease in future periods, and the market price of our common stock could decline. In addition, the lower our stock price, the more shares of common stock we will have to issue under the Equity Distribution Agreement to draw down the full amount.

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

In many circumstances, the provision of an equity distribution agreement for companies that are traded on the Over-the-Counter Bulletin Board ("OTCBB") has the potential to cause a significant downward pressure on the price of common stock. This is especially the case if the shares being placed into the market exceed the market's ability to take up the increased stock or if Innova has not performed in such a manner to show that the equity funds raised will be used to grow Innova. Such an event could place further downward pressure on the price of common stock. Under the terms of our Equity Distribution Agreement, Innova may request numerous advances pursuant to the terms of the agreement. Even if Innova uses the equity distribution agreement to grow its revenues and profits or invest in assets which are materially beneficial to Innova, the opportunity exists for short sellers and others to contribute to the future decline of Innova's stock price. If there are significant short sales of stock, the price decline that would result from this activity will cause the share price to decline, which in turn may cause long holders of the stock to sell their shares thereby contributing to sales of stock in the market. If there is an imbalance on the sell side of the market the stock the price will decline. It is not possible to predict the circumstances in which short sales could materialize or to what amount the share price could drop. In some companies that have been subjected to short sales the stock price has dropped to near zero. This could happen to Innova.

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

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

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

We are dependent on external financing to fund our operations. Our financing needs are expected to be substantially provided from the Equity Distribution Agreement we have signed with Cornell Capital Partners. No assurances can be given that such financing will be available in sufficient amounts or at all when needed, in part, because we are limited to a maximum cash advance of $400,000 during any five trading day period. Based on an assumed offering price of $0.04 per share, we will be able to receive a total amount of $10,000,000 in gross proceeds under the Equity Distribution Agreement. This amount will utilize all of the 250,000,000 shares of our common stock registered for the Equity Distribution Agreement under this registration statement. If the actual average price at which we sell shares of common stock under the Equity Distribution Agreement is less than $0.04 per share, we would need to register additional shares to fully utilize the funds available under the Equity Distribution Agreement.

In addition, in the event Cornell Capital Partners holds 9.9% of our then outstanding common stock, we will be unable to obtain a cash advance under the Equity Distribution Agreement. A possibility exists that Cornell Capital Partners may own 9.9% of our outstanding common stock at a time when we would otherwise plan to make an advance under the Standby Equity Distribution Agreement. In that event, if we are unable to obtain additional external funding or generate revenue from the sale of our products, we could be forced to curtail or cease our operations.

CORNELL CAPITAL PARTNERS MAY SELL OUR SHARES OF COMMON STOCK PRIOR TO THE DATE THE STOCK IS DELIVERED TO IT.

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Cornell Capital Partners is deemed to beneficially own the shares of common stock corresponding to a particular advance on the date that we deliver an advance notice to Cornell, which is prior to the date the stock is delivered to Cornell. Cornell may sell such shares any time after we deliver an advance notice. Accordingly, Cornell may sell such shares during the pricing period. Such sales may cause our stock price to decline.

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FORWARD-LOOKING STATEMENTS

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

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

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SELLING STOCKHOLDERS

The following table presents information regarding the selling stockholders. The selling stockholders are the entities who have assisted in or provided financing to Innova. A description of each selling stockholder's relationship to Innova and how each selling stockholder acquired the shares to be sold in this offering is detailed in the information immediately following this table.

Selling Stockholder	Shares Beneficially Owned Before	Percentage of Outstanding	Shares to be Acquired under the Equity	Percentage of Outstanding Shares to be Acquired	Share Sold Offer

	Offering	Shares Beneficially Owned Before Offering (1)	Distribution Agreement	under the Equity Distribution Agreement	
Shares Acquired in Financing Transactions with Innova					
Cornell Capital Partners, L.P.	2,608,699(2)	0.59%	250,000,000 (3)	36%	2
Monitor Capital, Inc.	289,855 (4)	0.0650%	------------	-----------	
Others					
Walter K. Weisel	59,001,377(5)	13.11%	-----------	------------	
Michael Cozza	1,116,172	0.25%	-----------	-----------	
Harold C. Claypool	3,834,924	0.84%	-----------	------------	
Richard K. & Johanna Wynns	45,496,996	9.75%	-----------	------------	
Michael Etchison	4,000,000	0.90%	-----------	------------	
Kenneth Martin	1,000,000	0.23%	------------	-------------	
Total	117,348,023				2

(1) Applicable percentage of ownership is based on 444,245,676 shares of common stock outstanding as of June 15, 2005, together with securities exercisable or convertible into shares of common stock within 60 days of June 15, 2005, for each stockholder. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Note that affiliates are subject to Rule 144 and insider trading regulations - percentage computation is for illustration purposes only.

(2) Includes 2,608,699 shares received by Cornell Capital Partners as a one-time commitment fee under the Equity Distribution Agreement.

(3) Includes 250,000,000 shares to be acquired by Cornell Capital Partners under

the Equity Distribution Agreement assuming a price of $.04 per share.

(4) Includes 289,855 shares received by Monitor Capital, Inc., as a one-time fee under the Placement Agent Agreement.

(5) Mr. Weisel is the Chairman and CEO of Innova.

The following information contains a description of each selling shareholder's relationship to Innova and how each selling shareholder acquired the shares to be sold in this offering. None of the selling stockholders have held a position or office, or had any other material relationship, with Innova, except as follows:

SHARES ACQUIRED IN FINANCING TRANSACTIONS WITH INNOVA

CORNELL CAPITAL PARTNERS, L.P.: Cornell Capital Partners is the investor under the Equity Distribution Agreement. All investment decisions of, and control of, Cornell Capital Partners are held by its general partner, Yorkville Advisors, LLC. Mark Angelo, the managing member of Yorkville Advisors, makes the investment decisions on behalf of and controls Yorkville Advisors. Cornell Capital Partners has or will acquire all shares being registered in this offering in financing transactions with Innova. Those transactions are explained below:

- EQUITY DISTRIBUTION AGREEMENT. On June 14, 2005, Innova entered into an Equity Distribution Agreement with Cornell Capital Partners. Under the Equity Distribution Agreement, Innova may issue and sell to Cornell Capital Partners common stock for a total purchase price of up to $10,000,000. The purchase price for the shares is equal to 96% of the market price, which is defined as the lowest volume weighted average price of the common stock during the five trading days following the date notice is given by the Company that it desires an advance. The amount of each advance is subject to an aggregate maximum amount of $400,000, with no advance occurring within five trading days of a prior advance. Cornell Capital Partners received a one-time commitment fee of 2,608,699 shares of the Company's common stock equal to approximately $90,000 on May 4, 2005. Cornell Capital Partners is entitled to retain a fee of 5% of each advance. The Company also issued to Cornell Capital Partners its promissory note for $300,000. The principal of the note is payable in three $100,000 installments due on the 30th, 60th and 90th days following the date the registration statement for the shares to be issued under the Equity Distribution Agreement is declared effective by the SEC. The note does not bear interest except in the event of a default. Innova entered into a placement agent agreement with Monitor Capital, Inc., a registered broker-dealer pursuant to which it advised the Company in connection with the Equity Distribution Agreement. Pursuant to the placement agent agreement, Innova paid a one-time placement agent fee of 289,855 restricted shares of common stock equal to approximately $10,000 based on Innova's stock price on May 4, 2005.

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

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

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

- The potentially significant downward pressure on the price of the common stock as Cornell Capital Partners sells material amounts of common stock could encourage short sales by others. This could place further downward pressure on the price of the common stock.

Other Selling Shareholders:

Monitor Capital, Inc. received its shares in a private placement as a one-time fee associated with its entering into a Placement Agent Agreement with the Company on June 14, 2005 to act as an advisor to the Company in connection with the Equity Distribution Agreement entered into with Cornell Capital Partners.

Walter Weisel is the founder of the Company and purchased his shares from the Company in a private placement prior to the merger of Robotic Workspace Technologies, Inc. with Innova Holdings, Inc. Mr. Weisel is Chairman and CEO of the Company.

Michael Cozza was issued his shares in consideration for goods sold to the Company.

Harold Claypool was issued 1,083,333 shares in consideration for goods and services sold to the Company. In addition, Mr. Claypool received 2,000,000 shares from an investment in a private placement.

Others: In April 2005, the Company obtained an additional $150,000 of funds through the private placement sale of 12,000,000 shares of the Company's common stock at $.0125 per share and in May and June 2005 an additional $218,000 of funds were obtained through the private placement sale of 7,266,667 shares of the Company's common stock at $.03 per share. The other selling shareholders purchased their shares in this private placement. Under the terms of their subscription agreements, investors in these shares of the Company's common stock have been given notice that the Company will file this registration statement with the Securities and Exchange Commission for its Common Stock and shall be entitled to include any or all of the shares of Common Stock purchased in these private placements in such registration statement. These selling shareholders have requested inclusion of their shares in this registration statement.

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

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling stockholders. There will be no proceeds to us from the sale of shares of common stock in this offering. However, we will receive the proceeds from the sale of shares of common stock to Cornell Capital Partners under the Equity Distribution Agreement. The purchase price of the shares purchased under the Equity Distribution Agreement will be equal to 96% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board for the five days immediately following the date notice is given by the Company that it desires an advance. Innova will pay Cornell Capital 5% of each advance as an additional fee. Pursuant to the Equity Distribution Agreement, Innova cannot draw more than $400,000 every five trading days or more than $10,000,000 over 24 months.

For illustrative purposes only, we have set forth below our intended use of proceeds for the range of net proceeds indicated below to be received under the Equity Distribution Agreement. The table assumes estimated offering expenses of $85,000, a purchase price of 96% of $.04 per share, plus 5% retainage payable to Cornell Capital Partners under the Equity Distribution Agreement. The figures below are estimates only, and may be changed due to various factors, including the timing of the receipt of the proceeds.

GROSS PROCEEDS	$ 2,500,000	$ 5,000,000	$ 10,000,000
NET PROCEEDS	$ 2,190,000	$ 4,465,000	$ 9,015,000
NO. OF SHARES ISSUED UNDER THE EQUITY DISTRIBUTION AGREEMENT AT AN ASSUMED PRICE OF $.04	62,500,000	125,000,000	250,000,000
USE OF PROCEEDS:	AMOUNT	AMOUNT	AMOUNT
Business Development	$ 200,000	$ 700,000	$ 1,500,000
Infrastructure and Improvements	$ 100,000	$ 250,000	$ 500,000
Operating Capital	$ 790,000	$ 2,015,000	$ 4,815,000
Repayment of debt, including promissory note for $300,000 issued to Cornell Capital Partners	$ 700,000	$ 700,000	$ 700,000
Acquisitions	$ 400,000	$ 800,000	$ 1,500,000
TOTAL	$ 2,190,000	$ 4,465,000	$ 9,015,000

DILUTION

The net tangible book value of Innova as of March 31, 2005 was a deficit of $3,798,725 or $0.01 per share of common stock. Net tangible book value per share is determined by dividing the tangible book value of Innova (total tangible assets less total liabilities) by the number of outstanding shares of our common stock. Since this offering is being made solely by the selling stockholders and none of the proceeds will be paid to Innova, our net tangible book value will be unaffected by this offering. Our net tangible book value and our net tangible book value per share, however, will be impacted by the common stock to be issued under the Equity Distribution Agreement. The amount of dilution will depend on the offering price and number of shares to be issued under the Equity Distribution Agreement. The following example shows the dilution to new investors at an offering price of $.04 per share, which is in the range of the recent share price.

If we assume that Innova had issued 250,000,000 shares of common stock under the Equity Distribution Agreement at an assumed offering price of $.04 per share (i.e., the number of shares registered in this offering under the Equity Distribution Agreement), less retention fees of $500,000, a discount of $400,000, and offering expenses of $85,000, our net tangible book value as of March 31, 2005 would have been $5,216,275 or $0.0084 per share. Note that at an offering price of $.04 per share, Innova would receive gross proceeds of $10,000,000, or the entire amount available under the Equity Distribution Agreement. At an assumed offering price of $.04, Cornell Capital Partners would receive a discount of $400,000 on the purchase of 250,000,000 shares of common stock. Such an offering would represent an immediate increase in net tangible book value to existing stockholders of $0.0084 per share and an immediate dilution to new stockholders of $.0316 per share. The following table illustrates the per share dilution:

Assumed public offering price per share	$ 0.04
Net tangible book value per share before this offering	$ (0.010)
Increase attributable to new investors	$ 0.0184
Net tangible book value per share after this offering	$ 0.0084
Dilution per share to new stockholders	$ 0.0316

The dilution tables set forth on this page are used to show the dilution that will result to our shareholders caused by our use of the equity line of credit provided under the Equity Distribution Agreement. In order to give prospective investors an idea of the dilution per share they may experience, we have prepared the following table showing the dilution per share at various assumed market prices:

DILUTION

ASSUMED OFFERING PRICE	NO. OF SHARES TO BE ISSUED	PER SHARE PRICE TO NEW INVESTORS
$0.04	250,000,000	$0.0316
$0.03	250,000,000	$0.0253
$0.02	250,000,000	$0.0189
$0.01	250,000,000	$0.0126

STANDBY EQUITY DISTRIBUTION AGREEMENT

SUMMARY

On June 14, 2005, we entered into a Standby Equity Distribution Agreement (Equity Distribution Agreement) with Cornell Capital Partners. Pursuant to the Equity Distribution Agreement, we may, at our discretion, periodically sell to Cornell Capital Partners shares of common stock for a total purchase price of up to $10,000,000 over a period of twenty four months. For each share of common stock purchased under the Equity Distribution Agreement, Cornell Capital Partners will pay 96% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal market on which our common stock is traded for the five days immediately following the date notice is given by the Company that it desires an advance. The number of shares purchased by Cornell Capital Partners for each advance is determined by dividing the amount of each advance by the purchase price for the shares of common stock. Further, Cornell Capital Partners will retain 5% of each advance under the Equity Distribution Agreement. The Company will pay a structuring fee of $500 for each advance made under the Equity Distribution Agreement. The effectiveness of the sale of the shares under the Equity Distribution Agreement is conditioned upon us registering the shares of common stock with the SEC and obtaining all necessary permits or qualifying for exemptions under applicable state law. The costs associated with this registration will be borne by us. There are no other significant closing conditions to advances under the Equity Distribution Agreement. Cornell Capital Partners is a private limited partnership whose business operations are conducted through its general partner, Yorkville Advisors, LLC.

In connection with the transaction, Cornell Capital Partners received a one-time commitment fee of 2,608,699 restricted shares of the Company's common stock, equal to approximately $90,000 based on the Company's stock price on May 4, 2005, the date on which the term sheet for the Equity Distribution Agreement was signed. These shares will be registered for resale in this registration statement for the common stock to be issued under the Equity Distribution Agreement. The Company also issued to Cornell Capital Partners its promissory note for $300,000. The principal of the note is payable in three $100,000 installments due on the 30th, 60th and 90th days following the date the registration statement for the shares to be issued under the Equity Distribution Agreement is declared effective by the SEC. The note does not bear interest except in the event of a default. The note is in default if the registration statement is not declared effective within 180 days of the date of the Equity Distribution Agreement, unless such failure to obtain effectiveness is solely due to reasons related to the transactions described in the Company's April 29, 2003 Form 8-K filing.

In addition, we engaged Monitor Capital, Inc., a registered broker-dealer, as our exclusive Placement Agent in connection with the Equity Distribution Agreement. The Placement Agent will advise the Company regarding the Equity Distribution Agreement. For its services, Monitor Capital, Inc. had previously received 289,855 shares of our common stock, equal to approximately $10,000 based on Innova's stock price on May 4, 2005, the date on which the term sheet for the Equity Distribution Agreement was executed. These shares will be registered for resale in this registration statement for the common stock to be issued under the Equity Distribution Agreement.

EQUITY LINE OF CREDIT EXPLAINED

Pursuant to the Equity Distribution Agreement, we may periodically sell shares of common stock to Cornell Capital Partners to raise capital to fund our working capital needs. The periodic sale of shares is known as an advance. We may request an advance every five trading days. A closing will be held the first trading day after the pricing period at which time we will deliver shares of common stock and Cornell Capital Partners will pay the advance amount. There are no closing conditions imposed on the Company for any of the advances other than that the Company has filed its periodic and other reports with the SEC, has delivered the stock for an advance, and the trading of the Company's common stock has not been suspended. We may request advances under the Equity Distribution Agreement once the underlying shares are registered with the SEC. Thereafter, we may continue to request advances until Cornell Capital Partners has advanced $10,000,000 or 24 months after the effective date of this registration statement, whichever occurs first.

The amount of each advance is subject to a maximum amount of $400,000, and we may not submit an advance within five trading days of a prior advance. The amount available under the Equity Distribution Agreement is not dependent on the price or volume of our common stock. Our ability to request advances is conditioned upon us registering the shares of common stock with the SEC. In addition, we may not request advances if the shares to be issued in connection with such advances would result in Cornell Capital Partners owning more than 9.9% of our outstanding common stock. We would be permitted to make advances on the Equity Distribution Agreement only so long as Cornell Capital Partners' beneficial ownership of our common stock remains lower than 9.9% and, therefore, a possibility exists that Cornell Capital Partners may own more than 9.9% of Innova's outstanding common stock at a time when we would otherwise plan to make an advance under the Equity Distribution Agreement.

We do not have any agreements with Cornell Capital Partners regarding the distribution of such stock, although Cornell Capital Partners has indicated that it intends to promptly sell any stock received under the Equity Distribution Agreement.

We cannot predict the actual number of shares of common stock that will be issued pursuant to the Equity Distribution Agreement, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we have not determined the total amount of advances we intend to draw. Nonetheless, we can estimate the number of shares of our common stock that will be issued using certain assumptions. Assuming we issued the number of shares of common stock being registered in this offering at a recent price of $.04 per share, we would issue 250,000,000 shares of common stock to Cornell Capital Partners for gross proceeds of $10,000,000. These shares would represent 36% of our outstanding common stock upon issuance. We are registering 250,000,000 shares of common stock for resale by Cornell Capital Partners. Assuming an offering price of $.04 per share, we will be able to fully utilize the $10,000,000 available under the Equity Distribution Agreement by Cornell Capital Partners. If the average price for which we sold shares under the Equity Distribution Agreement is lower than the $.04 per share, we will need to register additional shares of common stock to fully utilize the shares under the Equity Distribution Agreement.

There is an inverse relationship between our stock price and the number of shares to be issued under the Equity Distribution Agreement. That is, as our stock price declines, we would be required to issue a greater number of shares under the Equity Distribution Agreement, otherwise we will experience a decrease in the amount of proceeds we may be able to receive under the Equity Distribution Agreement. The following table shows the number of shares to be issued under the Equity Distribution Agreement at an assumed offering price of $0.04 per share, $0.03 per share , $0.02 per share and $0.01 per share.

Assumed Offering	$ 0.04	$ 0.03	$ 0.02	$ 0.01
No. of Shares(1)	250,000,000	250,000,000	250,000,000	250,000,000
Total Outstanding (2)	694,245,676	694,245,676	694,245,676	694,245,676
Percent Outstanding (3)	36%	36%	36%	36%
Net Cash to Innova	$ 9,015,000	$ 6,740,000	$ 4,465,000	$ 2,190,000

(1) Represents the number of shares of common stock to be issued to Cornell Capital Partners, L.P. under the Equity Distribution Agreement at the prices set

forth in the table.

(2) Represents the total number of shares of common stock outstanding after the issuance of the shares to Cornell Capital Partners, L.P. under the Equity Distribution Agreement.

(3) Represents the shares of common stock to be issued as a percentage of the total number of shares outstanding after their issuance.

Proceeds received under the Equity Distribution Agreement will be used in the manner set forth in the "Use of Proceeds" section of this prospectus. We cannot predict the total amount of proceeds to be raised in this transaction because we have not determined the total amount of the advances we intend to receive. Cornell Capital Partners has the ability to permanently terminate its obligation to purchase shares of common stock from Innova under the Equity Distribution Agreement if there shall occur any stop order or suspension of the effectiveness of this registration statement for an aggregate of fifty (50) trading days, other than due to acts by Cornell Capital Partners or if Innova fails materially to comply with certain terms of the Equity Distribution Agreement, and such failure is not cured within thirty (30) days after receipt of written notice from Cornell Capital Partners.

All fees and expenses under the Equity Distribution Agreement will be borne by Innova. We expect to incur expenses of approximately $85,000 in connection with this offering, consisting primarily of professional fees. In connection with the Equity Distribution Agreement, Cornell Capital Partners received a one-time commitment fee in the form of 2,608,699 shares of common stock. In addition, we issued 289,855 shares of common stock to Monitor Capital, Inc., an unaffiliated registered broker-dealer, as compensation for its services as a placement agent.

In the event Cornell Capital Partners holds more than 9.9% of our then outstanding common stock, we will be unable to obtain a cash advance under the Equity Distribution Agreement. Although Cornell has expressed its intent to sell the shares it purchases through the Equity Distribution Agreement, a possibility exists that Cornell Capital Partners may own more than 9.9% of our outstanding common stock at a time when we would otherwise plan to receive an advance under the Equity Distribution Agreement. In that event, if we are unable to obtain additional external funding or generate revenue from the sale of our products, we could be forced to curtail or cease our operations.

PLAN OF DISTRIBUTION

The selling stockholders have advised us that the sale or distribution of our common stock owned by the selling stockholders may be effected directly to purchasers by the selling stockholders as principals or through one or more underwriters, brokers, dealers or agents from time to time in one or more transactions (which may involve crosses or block transactions) (i) on the over-the-counter market or on any other market in which the price of our shares of common stock are quoted or (ii) in transactions otherwise than on the over-the-counter market or in any other market on which the price of our shares of common stock are quoted. Any of such transactions may be effected at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at negotiated or fixed prices, in each case as determined by the selling stockholders or by agreement between the selling stockholders and underwriters, brokers, dealers or agents, or purchasers. If the selling stockholders effect such transactions by selling their shares of common stock to or through underwriters, brokers, dealers or agents, such underwriters, brokers, dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of common stock for whom they may act as agent (which discounts, concessions or commissions as to particular underwriters, brokers, dealers or agents may be in excess of those customary in the types of transactions involved).

Cornell Capital Partners is an "underwriter" within the meaning of the Securities Act of 1933 in connection with the sale of common stock under the Equity Distribution Agreement and the one-time commitment fee under the Equity Distribution Agreement. Under the Equity Distribution Agreement, Cornell Capital Partners will pay us 96% of the lowest volume weighted average price of our common stock on the Over-the-Counter Bulletin Board or other principal trading market on which our common stock is traded for the five days immediately following the date notice is given by the Company that it desires an advance. In addition, Cornell Capital Partners will retain 5% of the proceeds received by us under the Equity Distribution Agreement, and received a one-time commitment fee in the form of 2,608,699 shares of common stock on June 14, 2005. The Company also issued to Cornell Capital Partners its promissory note for $300,000. The 5% retainage, the 4% discount from the lowest volume weighted average price of our shares, the 2,608,699 shares of common stock and the promissory note are underwriting discounts. In addition, we engaged Monitor Capital, Inc., an unaffiliated registered broker-dealer, to act as our Placement Agent in connection with the Equity Distribution Agreement and issued to Monitor Capital, Inc. a one-time placement agent fee of 289,855 shares of common stock.

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

In offering the shares covered by this prospectus, the other selling stockholders and any broker-dealers who execute sales for the selling stockholders may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. Any profits realized by the selling stockholders and the compensation of any broker-dealer may be deemed to be underwriting discounts and commissions.

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

We will pay all the expenses incident to the registration, offering and sale of the shares of common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. If any of these other expenses exists, Innova expects the selling stockholders to pay these expenses. We have agreed to indemnify Cornell Capital Partners and its controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately $85,000. The offering expenses consist of: a SEC registration fee of $1,441.16, printing expenses of $2,500 accounting fees of $15,000, legal fees of $50,000 and miscellaneous expenses of $16,058.84. We will not receive any proceeds from the sale of any of the shares of common stock by the selling stockholders. We will, however, receive proceeds from the sale of common stock under the Equity Distribution Agreement.

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

The number of shares of our common stock issuable to Cornell Capital Partners under the Equity Distribution Agreement is subject to a 9.9% cap on the beneficial ownership that Cornell Capital Partners and its affiliates may have at the time we request an advance of funds. The amount of funds we can actually draw down under the Equity Distribution Agreement is limited based upon how many shares of our common stock are beneficially owned by Cornell Capital Partner and its affiliates at the time of the advance request. In the event Cornell Capital Partners and its affiliates hold more than 9.9% of our then outstanding common stock, we will be unable to obtain a cash advance under the Equity Distribution Agreement. A possibility exists that Cornell Capital Partners and its affiliates may own more than 9.9% of our outstanding common stock at a time when we would otherwise plan to request an advance under the Equity Distribution Agreement. In that event, if we are unable to obtain additional external funding or generate revenue from the sale of our products and services, we could be forced to curtail or cease our operations.

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PLAN OF OPERATIONS

INTRODUCTION-FORWARD LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"), Innova is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements made herein. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions of future events or performance are not statements of historical facts and may be forward-looking. These forward-looking statements are based largely on Innova's expectations and are subject to a number of risks and uncertainties, including but not limited to, economic, competitive, regulatory, growth strategies, available financing and other factors discussed elsewhere in this report and in documents filed by Innova with the SEC. Many of these factors are beyond Innova's control. Actual results could differ materially from the forward-looking statements made. In light of these risks and uncertainties, there can be no assurance that the results anticipated in the forward-looking information contained in this prospectus will, in fact, occur.

Any forward-looking statement speaks only as of the date on which such statement is made, and Innova undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

GOING CONCERN QUALIFICATION

Innova's auditors have included an explanatory paragraph in their auditors' report for the years ended December 31, 2004 and 2003, to the effect that our significant losses from operations and our dependence on equity and debt financing raise substantial doubt about our ability to continue as a going concern. Management recognizes that the Company must generate capital and revenue resources to enable it to continue to operate. Ultimately, Innova must achieve profitable operations. The Company is planning to obtain additional capital from revenue generated from operations, through the sale of equity securities and through debt when it is available to the Company. The realization of assets and satisfaction of liabilities in the normal course of business is dependent upon Innova's obtaining additional revenues and equity capital and ultimately achieving profitable operations. However, no assurances can be given that the Company will be successful in these activities. Should any of these events not occur, the Company could be required to curtail some operations or cease operations entirely.

PLAN OF OPERATION

During the next twelve months, the Company expects to aggressively market and sell its Universal Robot Controller, complete the development of its Universal Automation Controller, and license its software in the service, personal and industrial markets. The Company, during the past ten years, successfully developed its open architecture PC based Universal Robot Controller and developed its RobotScript, Gatekeeper and related software. Additionally, the development of the Universal Automation Controller was commenced and is now in its final stages of development. Management believes there is a large market opportunity for its controllers, software and related systems and services, and management intends to aggressively pursue those opportunities. Specifically, the Company has a Business Development group consisting of five individuals who focus largely on the sale of the Universal Robot Controller as well as software licensing opportunities, two industry experienced individual to sell its Universal Robot Controller as well as license its software, and establish contractual relationships with independent sales firms such as system integrators to sell its controllers and systems related services into the industrial markets and the service market.

The Company's business operations commenced in 1994 and have been underway since that date. The Company, through its wholly-owned subsidiary Robotic Workplace Technologies, Inc. (RWT), developed software and hardware technology, all imbedded in its high performance automation controllers, and received three patents for its Universal Robot Controller. There were 10 controllers sold and other sales which in total was greater than $2.0 million since the commencement of sales in 1994. In 2000, the Ford Motor Company investment group invested $3.0 million in RWT and Ford planned a substantial order for RWT's Universal Robot Controllers. Also, Ford received the first rights to RWT's development and up to 80% of RWT's production capacity. After the September 11, 2001 attacks, Ford cancelled their planned orders due to large losses they were incurring and a severe downturn in sales. The resulting continued downturn in the economy and RWT's inability to raise additional capital resulted in the termination of all its employees, except the Chief Executive Officer and several contract employees. RWT substantially shut down its operations during December 2002.

However, with the recovery in the economy and in particular in the manufacturing sector, the Company is restoring its infrastructure. Sales are in process along with the reestablishment of operating and production facilities. Additionally, the Company has plans to continue its development of an additional product which had not been its primary product offering nor its primary business activity, the Universal Automation Controller.

Most of the current business activities have been focused on the immediate sales and production of the Company's Universal Robot Controller. Such business activities have included the rebuilding of the sales organization and rebuilding the engineering staff, as well as marketing and production. Today we have seven individuals supporting the Company in sales activities, six individuals supporting production activities, and over 8,000 square feet of production facilities. Seven of these individuals are direct employees and the others are independent contractors who do not contribute all of their time to the Company's activities. Individuals previously employed are returning which cuts the training and start-up period. Sales activities are underway and the company received its first order for multiple Universal Robot Controllers earlier this year. However, the lead time for the fulfillment of orders is long, usually between six to seven months for new applications and four to six months for repeat applications. Accordingly, management does not expect to record any of the current orders as sales until the fourth quarter of 2005 and the first quarter of 2006.

Regarding research and development, management expects to continue to constantly upgrade and improve its software and will work towards developing the next generation of software. In March 2005, RWT hired Chris Wright as Vice President of Engineering who is responsible for the continued development of the Company's software, and the identification and development of new technologies to incorporate into the Company's technology solutions.

The Company does not expect to sell any of its property or equipment in the next twelve months, and it plans to purchase select automation control lab equipment as well as certain robots and related equipment for continued research and development; it does not expect to purchase any real property in the next twelve months. Additionally, during the next twelve months the Company expects to purchase certain equipment to support software development, testing and continued deployment of its technologies and related systems. The Company also expects to purchase additional office equipment, computer equipment and laboratory development and testing equipment to support the planned increase of the number of employees of the Company. The Company has entered into two leases for office space, research, engineering and design, as well as production facilities.

In order to accomplish all of the goals established by the Company during the next twelve months, the Company intends to hire approximately 20 employees in software engineering and applications development, production, sales, and administration. The funds to finance this expansion will come from the shares sold to Cornell under the Equity Distribution Agreement and it is the intention of management that eventually, funds will also come from debt financing.

The Company does not have any off-balance sheet arrangements.

The following table sets forth certain information concerning our contractual obligations and other commercial commitments as of December 31, 2004:

	Payments due by Period			
Contractual Obligations:	Total	Less than 1 year	1-3 years	4-5 years
Short-Term Loans	300,000	300,000	-	-
Loans from officers/ shareholders	165,000	165,000	-	-
Long-Term Debt	1,219,600	267,700	63,100	45,000
Capital Lease Obligations	-	-	-	-
Operating Leases	237,000	61,500	135,700	39,800
Unconditional Purchase Obligations	-	-	-	-
Other Long-Term Obligations	160,000	-	-	160,000
Total Contractual Cash Obligations	2,081,600	794,200	198,800	244,800

	Amount of Commitment Expiration Per Period			
Other Commercial Commitments	Total Amounts Committed	Less than 1 year	1-3 years	4-5 years
Lines of Credit	-	-	-	-
Standby Letters of Credit	-	-	-	-
Guarantees	-	-	-	-
Standby Repurchase Obligations	-	-	-	-
Other Commercial Commitments	450,000	450,000	-	-

Total Commercial Commitments	2,531,600	1,244,200	198,800	244,800

CRITICAL ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid financial instruments with purchased maturities of three months or less.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and debt. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in the consolidated financial statements.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable.

Product sales are recognized by the Company generally at the time product is shipped or services are rendered. Shipping and handling costs are included in cost of goods sold.

Allowance for Doubtful Accounts - Earnings are charged with a provision for doubtful accounts based on past experience, current factors, and management's judgment about collectibility. Accounts deemed uncollectible are applied against the allowance for doubtful accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation is computed by applying the straight-line method over the estimated useful lives which are generally three to seven years.

Impairment Losses

Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized. Additionally, taxes are calculated and expensed in accordance with applicable tax code.

Basic Loss Per Share

The Company is required to provide basic and dilutive earnings (loss) per common share information. The basic net loss per common share is computed by dividing the net loss applicable to common stockholders by the weighted average number of common shares outstanding.

Diluted net loss per common share is computed by dividing the net loss applicable to common stockholders, adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods ended December 2003 and 2004, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-Based Compensation

The Company currently accounts for its stock-based compensation plans under Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and provides pro forma information in its footnotes of the fair market value costs of these options based on provisions of Statement of Financial Accounting Standard ("FAS") No. 123, Accounting for Stock-Based Compensation, as amended by FAS 148, Accounting for Stock-Based Compensation-Transition and Disclosure, issued in December 2002.

Recent Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued interpretation No. 46 ("FIN 46") "Consolidation of Variable Interest Entities." Until this interpretation, a company generally included another entity in its consolidated financial statements only if it controlled the entity through voting interests. FIN 46 requires a variable interest entity, as defined, to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns. Certain provisions of FIN 46 became effective during the quarter ended March 31, 2004, the adoption of which did not have a material impact on the financial position, cash flows or results of operations of the Company.

In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R addresses all forms of share-based payment ("SBP") awards, including shares issued under certain employee stock purchase plans, stock options, restricted stock and stock appreciation rights. SFAS No. 123R will require the Company to expense SBP awards with compensation cost for SBP transactions measured at fair value. The FASB originally stated a preference for a lattice model because it believed that a lattice model more fully captures the unique characteristics of employee stock options in the estimate of fair value, as compared to the Black-Scholes model which the Company currently uses for its footnote disclosure. The FASB decided to remove its explicit preference for a lattice model and not require a particular valuation methodology. SFAS No. 123R requires us to adopt the new accounting provisions beginning in our third quarter of 2005. Although the Company is in the process of evaluating the impact of applying the various provisions of SFAS No. 123R, we expect that this statement will have a material impact on our consolidated results of operations.

In April 2004, the Emerging Issues Task Force ("EITF") issued Statement No. 03-06 "Participating Securities and the Two-Class Method Under FASB Statement No. 128, Earnings Per Share" ("EITF 03-06"). EITF 03-06 addresses a number of questions regarding the computation of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company when, and if, it declares dividends on its common stock. The issue also provides further guidance in applying the two-class method of calculating earnings per share, clarifying what constitutes a participating security and how to apply the two-class method of computing earnings per share once it is determined that a security is participating, including how to allocate undistributed earnings to such a security. EITF 03-06 became effective during the quarter ended June 30, 2004, the adoption of which did not have an impact on the calculation of earnings per share of the Company.

In July 2004, the EITF issued a draft abstract for EITF Issue No. 04-08, "The Effect of Contingently Convertible Debt on Diluted Earnings per Share" ("EITF 04-08"). EITF 04-08 reflects the Task Force's tentative conclusion that contingently convertible debt should be included in diluted earnings per share computations regardless of whether the market price trigger has been met. If adopted, the consensus reached by the Task Force in this Issue will be effective for reporting periods ending after December 15, 2004. Prior period earnings per share amounts presented for comparative purposes would be required to be restated to conform to this consensus and the Company would be required to include the shares issuable upon the conversion of the Notes in the diluted earnings per share computation for all periods during which the Notes are outstanding.

BUSINESS DESCRIPTION

Innova Holdings, Inc. (Innova or the "Company") is an automation technology company providing hardware and software systems-based solutions for the manufacturing, aerospace, consumer, medical, entertainment, and service industries. The Company's plan of operations is to continue to market and sell its existing business solutions and to identify, develop, and acquire complimentary technologies that are or will become market leaders. Innova also looks to create opportunities to leverage all of its technologies into value-added applications when combined with other solutions offered by the Innova group of companies.

Innova's current business is focused on the Motion Control market which is a very large and fractured market representing over $1.4 billion in sales, according to Frost & Sullivan. The Motion Control market includes software, hardware and system integration services for industrial robots, machine tools and other automated production devices. Innova's current business solutions are focused on the high performance robotic control segment of the Motion Control market, and with the planned introduction of the Company's high performance automation controller, the Company will expand its market positioning beyond the robotic segment and into the general automation control segment and the machine tool control segment. Additionally, Innova plans to expand its market position further by acquiring key companies providing complementary and unique technologies to the high-end specialty niche motion control applications market. Such opportunities may be focused on robotic and non-robotic segments and may include technologies and applications that are inherent to both robotic and machine tool motion control. Innova also will seek out and acquire other companies serving other technology markets besides Motion Control where it can leverage its marketing strength and technology capabilities.

Innova currently offers a suite of hardware and software systems-based solutions to the industrial, service, and personal robotic markets. Its software and hardware solutions benefit industrial robot users and developers of new technology and are adaptable to the commercial end-user market as well. Innova offers its solutions through licensing of its proprietary software and the sale of its control systems as well as through complete system development and integration services.

In addition to its current product offering in the industrial market, Innova's management believes the Company is positioned to become a market leader for the emerging service and personal robot industry. This belief is based upon the expertise, experience, and patented technologies developed by Robotic Workspace Technologies, Inc. (RWT), a wholly-owned subsidiary, which has served the industrial market for ten years.

Principal Technology Products and Business Solutions

Innova, through RWT, delivers its hardware and software through the sale of Control Systems and the licensing of its Software to end-user companies, system integrators, manufacturing support providers, software development companies, and other third parties. The proprietary patents, including three pioneer utility patents issued by the USPTO, are owned by RWT and cover all applications pertaining to the interface of a general use computer and the mobility of robots, regardless of specific applications.

According to ARC Advisory Group, the process industries including industrial motion control and system integration, are entering a collaborative manufacturing era with roughly $65 billion worth of installed process control systems that are rapidly approaching the end of their useful life. These systems simply cannot deliver the level of functional autonomy and coordination required to be competitive. In their quest for operational excellence, process manufacturers face further challenges and the need to maximize return on assets (ROA). Manufacturing assets represent 75 % of capital assets for most process manufacturers and most of these assets are controlled by process/motion control automation. Process automation presents an outstanding opportunity to make a big change in ROA by catalyzing a small change in asset utilization. The experience gained by Innova/RWT in the robotics market has paved the way for entry into this sector of motion control. According to ARC, in today's collaborative manufacturing era, things are considerably different than they were in the past. Process control is no longer independent or the focal point. The focus now is on enterprise performance with the business systems responsible for optimizing planning and scheduling. Manufacturing systems are poised to respond. This level of collaboration highlights the need for business performance requirements and emerging technologies to converge into a collaborative process that delivers a strategic competitive advantage for both process manufacturers and their suppliers. Innova/RWT intends to be a supplier of these enabling technologies for this growing need.

Manufacturing assets make up the majority of total assets in the motion control and process industries and raw material and conversion costs account for the majority of operating costs. For the most part, process automation systems, including robotic controllers and automation device controllers, are controlling these assets and, if they are not performing effectively as an integral part of a company's business strategy, then profits and competitiveness suffer. A collaborative approach to process automation can deliver an extraordinary competitive advantage to process manufacturers. Innova/RWT has high performance controllers and supporting software, system integration services and other key solutions to meet this increasing demand in the market.

Control Systems - The Company has two control systems, the Universal Robot Controller and the Universal Automation Controller, which is in development.

Universal Robot Controller - The Universal Robot Controller(TM) (URC(TM)) is the physical control system including hardware and software that operates the robot. It includes the general purpose PC running Windows(R), the RobotScript(R) programming environment, and other programs as well as dedicated separate processors for real-time motion control of the robot. The URC cabinet houses the PC that runs the Windows operating system. RobotScript and other software directly control the connected systems of the robot and related input and output. It also incorporates the electronic components needed to control the robot motion and communicate with other PC devices and platforms including Internet connectivity. In addition, all inputs and outputs required for auxiliary equipment are controlled by RobotScript and are included in the URC cabinet.

Universal Automation Controller - The Universal Automation Controller(TM) (UAC(TM)), which is in the later stages of development and is expected to be released soon, is a general-purpose motion control system for automated machines with fewer than 5-6 axis of movement. The UAC provides the power of a full-featured open PC motion controller and Programmable Logic Controller (PLC) in one easy to use PC control system. It provides direct motion control for complex machines and adds "soft PLC" control of Input/Output. The enhanced motion control capabilities provide greater functionality and full motion control of less sophisticated machinery as well. The UAC is powered by RWT's RobotScript(R) software.

The UAC provides standard communications and interface ports, providing maximum flexibility in choosing off-the-shelf user interface and communications components. The Company believes that the UAC shortens development time, reduces manufacturing cycle time, and dramatically decreases the time to market of motion-based machines, and therefore will greatly improve productivity and reduce costs in all manufacturing environments.

Licensing of Proprietary Software Solutions - Middleware

RobotScript is a universal programming language based on Microsoft's Visual Basic(R) Scripting Edition (VBScript(R)) software. It provides a robot language that is simple to use and easy to learn. From a plain text file, robot programmers can easily control robot motion, coordinate input and output for auxiliary equipment and communicate with other PC devices for reporting and data sharing. Because RobotScript operates in the Windows environment, challenges common to proprietary control schemes, such as networking and file sharing, are eliminated. RobotScript can access anything on the operating system or network as well as utilize the Internet for remote monitoring and control of equipment. The software can also be easily used to create custom applications specific to customer needs. A software development kit is provided to allow even novice developers to quickly create a specialized interface for a particular use in meeting a customer's need. The proven success of RobotScript has supported the development of a number of evolutionary, application-specific modules such as arc-welding, vision systems and automation control. Additional modules are also in development for other robotic and motion control applications such as:

- Guidance Systems
- Voice Control Systems
- Laser Welding
- Medical Applications
- Entertainment Control Systems
- Autonomous Underwater Vehicles
- Security Systems
- TIG/MIG Welding
- Sensor Systems
- Tactile Control Systems
- Material Handling
- Elder Care Control Systems
- Plasma Cutting
- Home Land Security Systems
- Pharmaceutical Production

Gatekeeper is a communication module that serves as the bridge between the RobotScript programming software and the motion control mechanisms. Gatekeeper implements a standard protocol that directs the device driver to activate the appropriate motion control of the robot, input/output of auxiliary equipment and other devices operating in real time. It is the core software used as a foundation for all current and future software modules and languages. The Innova suite of software will be marketed and sold to the service and personal robot markets through Service Robots, Inc., a wholly-owned subsidiary of Innova.

Generally, the Innova suite of software solutions is referred to as Middleware, which is connectivity software that consists of a set of enabling services that allow multiple processes running on one or more machines to interact across a network. Middleware is essential to migrating mainframe applications to client/server applications and to providing for communication across heterogeneous platforms. This technology has evolved to provide for interoperability in support of the move to client/server architectures.

System Integration, Training and Other Sales Opportunities

In addition to the hardware and software products offered by Innova's subsidiaries, the organization has additional revenue generating opportunities arising from service and support which includes training, installation, service, system integration and fulfilling other customer-specific requirements.

Markets Served

The markets currently served are the Industrial Robot market and the Service and Personal Robot market, which are discussed below.

Industrial Robots - Market Overview

Installations

According to a report released by the UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE (UNECE) in cooperation with the INTERNATIONAL FEDERATION OF ROBOTICS (IFR), of which RWT is a supporting member:

- worldwide investment in industrial robots was up 19 percent in 2003 and in the first half of 2004, orders were up another 18 percent.

Worldwide growth between 2004 and 2007 is forecast at an average annual rate of about 7 percent.

According to the US-based ROBOTIC INDUSTRIES ASSOCIATION (RIA):

- o North American robotic companies posted a 13 percent gain in the first nine months of 2004.

Estimates are that 800,000 to 1 million robots are currently being used worldwide. Japan leads with some 352,000 units, followed by the European Union with 266,000 units and about 121,000 units in the United States. (RIA estimates 142,000 robots are being used in the United States). In Europe, Germany leads with 113,000 units; Italy has 50,000; Spain 20,000, and the United Kingdom some 14,000 units, according to UNECE.

Installations and Operational Stock of Industrial Robots
2002 and 2003 and Forecasts for 2004-2007
Number of Units

	Yearly Installations				Operational Stock at Year		
Country	2002	2003	2004	2007	2002	2003	2004
Japan	25,373	31,588	33,200	41,300	350,169	348,734	352,200
United States	9,955	12,693	12,800	15,900	103,515	112,390	121,300
European Union	26,296	27,114	28,800	34,400	233,769	249,200	266,100
Other Europe	582	922	1,000	1,300	11,009	11,409	11,900
Asia/Australia	5,123	6,695	7,200	8,900	60,427	65,419	69,900
Other Countries	1,466	2,764	3,200	4,500	11,216	13,620	16,500
Totals	68,7						