

NETSOL TECHNOLOGIES INC
Form 10QSB/A
March 24, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB/A

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2004

For the transition period from _____ to _____

Commission file number: 0-22773

NETSOL TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other Jurisdiction of
Incorporation or Organization)

95-4627685
(I.R.S. Employer NO.)

23901 Calabasas Road, Suite 2072, Calabasas, CA 91302
(Address of principal executive offices) (Zip Code)

(818) 222-9195 / (818) 222-9197
(Issuer's telephone/facsimile numbers, including area code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The issuer had 10,045,796 shares of its \$.001 par value Common Stock issued and outstanding as of November 4, 2004.

Transitional Small Business Disclosure Format (check one)

Yes No

NETSOL TECHNOLOGIES, INC.

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NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET — SEPTEMBER 30, 2004

(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	204,850	
Certificates of deposit		141,403	
Accounts receivable, net of allowance for doubtful accounts of \$80,000		1,166,521	
Revenues in excess of billings		1,562,045	
Other current assets		718,134	
Total current assets			3,792,953

Property and equipment, net of accumulated depreciation 4,163,787

Intangibles:

Product licenses, renewals, enhancements, copyrights, trademarks, and tradenames, net		2,336,768	
Customer lists, net		562,653	
Goodwill, (restated)		1,166,611	
Total intangibles (restated)			4,066,032
Total assets (Restated)	\$		12,022,772

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$	1,856,704	
Current portion of notes and obligations under capitalized leases		349,660	
Billings in excess of revenues		54,900	
Loans payable, bank		439,609	
Total current liabilities			2,700,873

Obligations under capitalized leases, less current maturities 73,895

Notes payable 75,075

Convertible debenture 825,000

Total liabilities 3,674,843

Minority interest 186,615

Contingencies -

Stockholders' equity:

(restated)

Common stock, \$.001 par value; 25,000,000 share authorized; 9,613,468 issued and outstanding		9,613	
Additional paid-in-capital (restated)		39,391,087	
Treasury stock		(27,197)	
Accumulated deficit (restated)		(30,775,441)	
Stock subscription receivable		(458,809)	
Common stock to be issued		255,960	
Other comprehensive loss		(233,899)	
Total stockholders' equity (Restated)			8,161,314

Total liabilities and stockholders' equity (Restated) \$ 12,022,772

See accompanying notes to consolidated financial statements.

NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For the Three Months Ended September 30,	
	2004	2003
	(Restated)	(Restated)
Net revenues	\$ 2,058,305	\$ 972,612
Cost of revenues	751,647	460,377
Gross profit	1,306,658	512,235
Operating expenses:		
Selling and marketing	119,348	19,222
Depreciation and amortization	306,158	305,135
Bad debt expense	-	52,318
Salaries and wages	347,237	315,540
Professional services, including non-cash compensation		114,334
		29,801
General and administrative		277,515
		512,651
Total operating expenses		1,164,592
		1,234,667
Income (loss) from operations		142,066
		(772,432)
)		
Other income and (expenses)		
Loss on sale of assets		

)	(620
)	(36,988
Beneficial conversion feature	
)	(37,500
)	-
Fair market value of warrants issued	
)	(28,024
)	-
Gain on forgiveness of debt	
)	50,274
)	-
Interest expense	
)	(21,575
)	(37,169
Other income and (expenses)	
)	22,335
)	596
Total other expenses	
)	(15,110
)	(73,561
Net income (loss) before minority interest in sub subsidiary	
)	126,956
)	(795,993

Minority interest in subsidiary

	15,068
	35,309
<i>Net income (loss)</i>	
	142,024
)	(760,684)
Other comprehensive loss:	
Translation adjustment	
	(83,689)
)	(79,788)
)	
Comprehensive income (loss)	
\$	58,335
\$	(840,472)
)	
Net income (loss) per share:	
Basic	
\$	0.01
\$	(0.12)
)	
Diluted	
\$	0.01
\$	(0.12)
)	
Weighted average number of shares outstanding	

Basic

9,504,789

6,577,913

Diluted

12,065,735

6,577,913

See accompanying notes to consolidated financial statements.

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NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended September 30,	
	2004	2003
	(Restated)	(Restated)
Cash flows from operating activities:		
Net income (loss) from continuing operations	\$ 142,024	\$ (760,684)
Adjustments to reconcile net income (loss) to net cash Used in operating activities:		

Depreciation and amortization

374,1