

OPNET TECHNOLOGIES INC
Form 8-K/A
December 28, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 12, 2004 (October 6, 2004)

OPNET Technologies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-30931
(Commission File Number)

52-1483235
(IRS Employer
Identification No.)

7255 Woodmont Avenue

Bethesda, Maryland
(Address of Principal Executive Offices)

20814
(Zip Code)

Registrant's telephone number, including area code: (240) 497-3000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Introductory Note

On October 6, 2004, OPNET Technologies, Inc. (the Company) completed its acquisition (the Acquisition) of Altaworks Corporation. On October 12, 2004, the Company filed a Current Report on Form 8-K (the Current Report) to report the Acquisition. The purpose of this Amendment No. 1 to the Current Report is to file the financial statements and pro forma information required by Item 9.01.

The Company hereby amends Item 9.01 of the Current Report to read in its entirety as follows:

Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Businesses Acquired

The required financial statements are attached hereto on pages 3 through 22.

- (b) Pro Forma Financial Information

The required pro forma financial information is attached hereto on pages 23 through 28.

- (c) Exhibits

- 2.1* Agreement and Plan of Merger, dated September 3, 2004, by and among OPNET Technologies, Inc., N Company Acquisition Corp. and Altaworks Corporation
- 23.1 Consent of Carlin, Charron & Rosen LLP
- 99.1* (1) Press Release issued by the Company on October 6, 2004

* Previously filed or furnished.

(1) This exhibit relating to Item 7.01 shall be deemed to be furnished, and not filed.

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Item 9.01

(a)

ALTAWORKS CORPORATION

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INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders

Altaworks Corporation

Bethesda, Maryland

We have audited the accompanying balance sheets of **Altaworks Corporation** (the Company) as of September 30, 2004 and December 31, 2003, and the related statements of operations, changes in stockholders' equity (deficit), and cash flows for the nine months ended September 30, 2004 and the year ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Altaworks Corporation** as of September 30, 2004 and December 31, 2003, and the results of its operations and its cash flows for the nine months ended September 30, 2004 and the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

/s/ Carlin, Charron & Rosen, LLP

Westborough, Massachusetts

December 16, 2004

Table of Contents**ALTAWORKS CORPORATION****Balance Sheets****September 30, 2004 and December 31, 2003****Assets**

	September 30, 2004	December 31, 2003
	<u> </u>	<u> </u>
Current assets:		
Cash and cash equivalents	\$ 25,273	\$ 892,406
Accounts receivable	266	96,595
Prepaid expenses	48,259	74,144
	<u> </u>	<u> </u>
Total current assets	73,798	1,063,145
Property and equipment, at cost:		
Computer equipment	2,040,133	2,040,533
Furniture and fixtures	673,293	673,293
Leasehold improvements	524,216	524,216
Purchased software	499,623	499,623
	<u> </u>	<u> </u>
	3,737,265	3,737,665
Less: Accumulated depreciation and amortization	3,725,822	3,654,417
	<u> </u>	<u> </u>
Net property and equipment	11,443	83,248
Other assets:		
Software, net of accumulated amortization of \$42,067 as of September 30, 2004 and \$4,167 as of December 31, 2003	107,933	145,833
Security deposits	17,696	17,696
	<u> </u>	<u> </u>
Total other assets	125,629	163,529
Total assets	\$ 210,870	\$ 1,309,922
	<u> </u>	<u> </u>

Table of Contents**Liabilities and Stockholders Deficit**

Current liabilities		
Accounts payable	\$ 212,042	\$ 100,516
Accrued expenses	672,102	170,196
Deferred revenue	83,420	73,445
Advances from stockholders	15,000	
Convertible demand notes payable to stockholders, including accrued interest	5,331,212	3,604,374
	<u> </u>	<u> </u>
Total current liabilities	6,313,776	3,948,531
	<u> </u>	<u> </u>
Commitments and contingencies - see note		
Stockholders deficit:		
Series A redeemable convertible preferred stock, \$0.01 par value:		
Authorized shares - 18,896,034		
Issued and outstanding shares - 18,396,858 as of September 30, 2004 and December 31, 2003	26,859,415	26,859,415
Series B redeemable convertible preferred stock, \$0.01 par value:		
Authorized shares - 48,451,949		
Issued and outstanding shares - 33,443,906 as of September 30, 2004 and December 31, 2003		
Liquidation value approximately \$17,018,000 at September 30, 2004	9,864,750	9,365,700
Common stock, \$0.001 par value:		
Authorized shares 115,000,000		
Issued and outstanding shares - 7,660,448 as of September 30, 2004 and December 31, 2003		
Additional paid-in capital	73,587	73,587
Deferred compensation		(9,232)
Warrants	813,596	813,596
Treasury stock 167,079 shares as of September 30, 2004 and December 31, 2003	(167)	(167)
Accumulated deficit	(43,721,747)	(39,749,168)
	<u> </u>	<u> </u>
Total stockholders deficit	(6,102,906)	(2,638,609)
	<u> </u>	<u> </u>
Total liabilities and stockholders deficit	\$ 210,870	\$ 1,309,922
	<u> </u>	<u> </u>

See accompanying notes to financial statements.

Table of Contents**Statements of Operations****For the Nine Months Ended September 30, 2004 and the Year Ended December 31, 2003**

	Nine months ended September 30, 2004	Year ended December 31, 2003
Revenues:		
Software license revenues	\$ 13,475	\$ 71,371
Service revenues	93,782	55,973
	<u>107,257</u>	<u>127,344</u>
Cost of revenues		
Software licenses	66,250	100,000
Services	414,804	495,784
	<u>481,054</u>	<u>595,784</u>
Gross loss	<u>(373,797)</u>	<u>(468,440)</u>
Operating expenses:		
Research and development	1,699,243	2,532,726
General and administrative	481,607	786,871
Sales and marketing	696,621	1,418,138
	<u>2,877,471</u>	<u>4,737,735</u>
Loss from operations	<u>(3,251,268)</u>	<u>(5,206,175)</u>
Other income (expense)		
Interest expense, net	(228,062)	(91,568)
Other	5,801	(27,542)
	<u>(222,261)</u>	<u>(119,110)</u>
Net loss	<u>\$ (3,473,529)</u>	<u>\$ (5,325,285)</u>

See accompanying notes to financial statements.

Table of Contents**Statements of Changes in Stockholders' Equity (Deficit)****For the Nine Months Ended September 30, 2004 and the Year Ended December 31, 2003**

	Series A Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance, January 1, 2003	18,396,858	\$ 26,859,415	33,443,906	\$ 8,700,300	7,655,448	\$ 7,655
Issuance of common stock					5,000	5
Purchase of treasury stock						
Deferred compensation related to issuance of stock options to non-employees						
Amortization of deferred compensation						
Accretion of Series B redeemable convertible preferred stock dividends				665,400		
Net loss						
Balance, December 31, 2003	18,396,858	\$ 26,859,415	33,443,906	\$ 9,365,700	7,660,448	\$ 7,660
Amortization of deferred compensation						
Accretion of Series B redeemable convertible preferred stock dividends				499,050		
Net loss						
Balance, September 30, 2004	18,396,858	\$ 26,859,415	33,443,906	\$ 9,864,750	7,660,448	\$ 7,660

See accompanying notes to financial statements.

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	Additional Paid-in Capital	Deferred Compensation	Warrants	Treasury Stock		Retained Earnings (Accumulated	Total
				Shares	Amounts	Deficit)	Stockholders Equity (Deficit)
Balance, January 1, 2003	\$ 45,443	\$ (5,991)	\$ 813,596	142,079	\$ (142)	\$ (33,758,483)	\$ 2,661,793
Issuance of common stock	195						200
Purchase of treasury stock				25,000	(25)		(25)
Deferred compensation related to issuance of stock options to non-employees	27,949	(27,949)					
Amortization of deferred compensation		24,708					24,708
Accretion of Series B redeemable convertible preferred stock dividends						(665,400)	
Net loss						(5,325,285)	(5,325,285)
Balance, December 31, 2003	73,587	(9,232)					