FINDEX COM INC
Form 10QSB/A
January 19, 2006

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

FORM 10-QSB/A
Amendment No. 4

(Mark One)

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

For the quarterly period ended June 30, 2004.

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

For the transition period from ________ to _________.

Commission File Number: 0-29963

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

Nevada	88-0379462
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11204 Davenport Street, Suite 100, Omaha, Nebraska	68154
(Address of principal executive offices)	(Zip Code)

(402) 333-1900
(Issuer's telephone number, including area code)

NA.
(Former name, former address and former fiscal year, if changed since last report)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. **Yes [_] No [_]**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 48,619,855 common shares as of January 19, 2006.

Transitional Small Business Disclosure Format (check one): **Yes [_] No [X]**

Explanatory Note

We are filing this Amendment Number 4 to our Quarterly Report on Form 10-QSB for the three and six months ended June 30, 2004 to include, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, the certifications of our Chief Executive Officer and Chief Financial Officer, annexed hereto as Exhibits 31.1, 31.2, 32.1 and 32.2, as well as all of the information as required by Form 10-QSB, in its entirety, for the quarter ended June 30, 2004, to reflect certain issues identified during a regulatory review of our financial statements associated with a certain registration statement filed with the SEC on November 22, 2004 on Form SB-2 and which is pending effectiveness as of the date of this filing of Amendment Number 4 to Form 10-QSB for the quarter ended June 30, 2004.

This Amendment Number 4 to Form 10-QSB for the quarter ended June 30, 2004 does not otherwise change or update the disclosures set forth in the Form 10-QSB as originally filed and does not otherwise reflect events occurring after the filing of the Form 10-QSB. For a description of our business and the risks related to our business, see our Annual Report on Form 10-KSB/A for the year ended December 31, 2004.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

		June 30, 2004 (Restated)		June 30, 2003 (Restated)
Assets				
Current assets:				
Accounts receivable, trade	$	**183,241**	$	158,700
Inventory		**161,903**		320,100
Other current assets		**97,326**		66,804
Total current assets		**442,470**		545,604
Property and equipment, net		**63,664**		78,163
Software license, net		**2,517,538**		3,021,044
Software development, net		**504,497**		385,746
Restricted cash		**100,354**		50,000
Other assets		**93,805**		49,393
Total assets	$	**3,722,328**	$	4,129,950
Liabilities and stockholders' equity				
Current liabilities:				
Cash overdraft	$	**38,990**	$	12,125
Notes payable		**89,999**		749,999
Accrued royalties		**1,203,369**		1,595,859
Accounts payable, trade		**709,415**		884,285
Current maturities of long-term notes payable		**175,150**		59,302
Other current liabilities		**679,252**		1,236,257
Total current liabilities		**2,896,175**		4,537,827
Long-term note payable		**65,300**		18,801
Non-current deferred taxes		**777,774**		830,381
Commitments and contingencies				
Stockholders' equity:				
Preferred stock		**51**		51
Common stock		**23,492**		19,811
Paid-in capital		**7,227,564**		7,029,079
Retained (deficit)		**(7,268,028)**		(8,306,000)
Total stockholders' equity		**(16,921)**		(1,257,059)
Total liabilities and stockholders' equity	$	**3,722,328**	$	4,129,950

See accompanying notes.

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Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	**2004**	2003
	(Restated)	(Restated)	**(Restated)**	(Restated)
Revenues, net of reserves and allowances	**$ 1,020,885**	$ 778,634	**$ 2,653,853**	$ 1,847,475
Cost of sales	**271,410**	262,322	**740,069**	561,143
Gross profit	**749,475**	516,312	**1,913,784**	1,286,332
Operating expenses:				
Sales and marketing	**267,902**	155,915	**510,501**	334,600
General and administrative	**615,895**	344,269	**1,171,574**	814,074
Bad debt provision	**---**	---	**2,500**	---
Depreciation and amortization	**139,187**	136,902	**274,639**	274,002
Total operating expenses	**1,022,984**	637,086	**1,959,214**	1,422,676
Loss from operations	**(273,509)**	(120,774)	**(45,430)**	(136,344)
Other income	**1,170**	583,628	**1,170**	584,612
Other expenses, net	**(17,358)**	(22,557)	**(31,688)**	(37,354)
Income (loss) before income taxes	**(289,697)**	440,297	**(75,948)**	410,914
Provision for income taxes	**(31,011)**	56,616	**(61,322)**	113,232
Net income (loss)	**$ (320,708)**	$ 496,913	**(137,270)**	524,146
Retained (deficit) at beginning of year			**(7,130,758)**	(8,830,146)
Retained (deficit) at end of period			**$ (7,268,028)**	$ (8,306,000)
Net earnings (loss) per share:				
Basic	**$ (0.01)**	$ 0.03	**$ (0.01)**	$ 0.03
Diluted	**$ (0.01)**	$ 0.02	**$ (0.01)**	$ 0.03
Weighted average shares outstanding:				
Basic	**23,276,312**	19,811,438	**22,143,875**	19,811,438
Diluted	**23,276,312**	20,078,401	**22,143,875**	20,069,385

See accompanying notes.

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Findex.com, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six Months Ended June 30		**2004**		2003
		(Restated)		(Restated)
Cash flows from operating activities:				
Cash received from customers	**$**	**2,639,964**	$	2,045,624
Cash paid to suppliers and employees		**(2,409,585)**		(1,861,189)
Other operating activities, net		**(28,166)**		21,611
Net cash provided by operating activities		**202,213**		206,046
Cash flows from investing activities:				
Acquisition of property and equipment		**(18,612)**		(6,643)
Software development costs		**(178,049)**		(145,666)
Website development costs		**(31,836)**		(21,056)
Deposits made		**(485)**		(50,500)
Net cash (used) by investing activities		**(228,982)**		(223,865)
Cash flows from financing activities:				
Payments on line of credit, net		**(2,999)**		(5,016)
Cash overdraft		**38,990**		12,125
Payments made on long-term notes payable		**(50,890)**		(27,941)
Net cash (used) by financing activities		**(14,899)**		(20,832)
Net (decrease) in cash and cash equivalents		**(41,668)**		(38,651)
Cash and cash equivalents, beginning of year		**41,668**		38,651
Cash and cash equivalents, end of period	**$**	**---**	$	---
Reconciliation of net income (loss) to cash flows from operating activities:				
Net income (loss)	**$**	**(137,270)**	$	524,146
Adjustments to reconcile net income (loss) to net cash				
provided by operating activities:				
Software development costs amortized		**258,258**		40,422
Provision for bad debts		**2,500**		---
Stock and warrants issued for services		**44,186**		---
Rebate reserve adjustment		**124,262**		(14,793)
Depreciation and amortization		**274,639**		274,002
Change in assets and liabilities:				
Decrease in accounts receivable		**180,062**		69,541
Decrease in inventories		**110,697**		96,600
Decrease in refundable income taxes		**---**		29,148
(Increase) in prepaid expenses		**(75,406)**		(9,254)
(Decrease) in accrued royalties		**(204,937)**		(534,754)
(Decrease) in accounts payable		**(174,708)**		(187,278)
Increase in income taxes payable		**700**		---
Increase (decrease) in deferred taxes		**60,622**		(113,232)
Increase (decrease) in other liabilities		**(261,392)**		31,498
Net cash provided by operating activities	**$**	**202,213**	$	206,046

See accompanying notes.

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FindEx.com, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2004
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-KSB/A for the fiscal year ended December 31, 2003.

Inventory

Inventory, including out on consignment, consists primarily of software media, manuals and related packaging materials and is recorded at the lower of cost or market value, determined on a first-in, first-out basis and adjusted on a per-item basis.

Software Development Costs

In accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*, software development costs are expensed as incurred until technological feasibility and marketability has been established, at which time such costs are capitalized until the product is available for general release to customers. Capitalized costs are amortized on a product-by-product basis using the greater of the straight-line method over the estimated product life or on the ratio of current revenues to total projected product revenues. We generally consider technological feasibility established with the release of a beta version for testing. Total capitalized software development costs at June 30, 2004 were $1,177,400, less accumulated amortization of $672,903. Research and development costs incurred and charged to expense were $27,522 and $30,003 for the three months ended June 30, 2004 and 2003, respectively and $43,696 and $97,794 for the six months ended June 30, 2004 and 2003, respectively.

Derivatives, (Restated)

In July 2004, we completed an equity financing through a private placement with Barron Partners, LP (see Note 11 - Subsequent Events). We account for warrants issued with shares of common stock in a private placement according to the guidance of EITF Issue 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. In accordance with the accounting mandate, the derivative liability associated with the warrants has been and, until our registration statement, to be filed with the SEC on Form SB-2, is declared effective, shall continue to be adjusted to fair value (calculated using the Black-Scholes method) at each balance sheet date and accordingly reassessed at each such date to determine whether the warrants should be classified (or reclassified, as appropriate) as a liability or as equity. The corresponding fair value adjustment is included in the consolidated statements of operations as other expenses should the value of the warrants increases from an increase in our stock price at the balance sheet date and as other income should the value of the warrants decreases from a decrease in our stock price at the balance sheet date.

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NOTE 2 - INVENTORIES, (Restated)

At June 30, 2004 and 2003, inventories consisted of the following:

	2004	2003
Raw materials	**$ 67,000**	$ 103,000
Finished goods	**94,903**	217,100
	$ 161,903	$ 320,100

During the three months ended March 31, 2004 and 2003, we wrote-off two distinctly different categories of obsolete inventory with a carried cost totaling $32,396 and $31,892, respectively. The 2004 obsolete inventory was a direct result of our March 2004 settlement with The Zondervan Corporation ("Zondervan") (see Note 11). These have been recognized in Cost of sales (see Note 12).

NOTE 3 - NOTES PAYABLE

At June 30, 2004 and 2003, notes payable consisted of the following:

		2004		2003
Unsecured demand note payable to a corporation, with interest at 9%.	**$**	**---**	$	650,000
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,666 restricted common shares.		**33,333**		33,333
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,666 restricted common shares.		**33,333**		33,333
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 466,666 restricted common shares.		**23,333**		33,333
	$	**89,999**	$	749,999

See Note 11 - Subsequent Events.

NOTE 4 - LONG-TERM NOTES PAYABLE

At June 30, 2004 and 2003, long-term notes payable consisted of the following:

	2004	2003
	$ 44,093	$ 78,103

Unsecured term note payable to a corporation due October 2004 in monthly installments of $5,285, including interest at 8%.		
Term note payable to a corporation due December 2005 in monthly installments of $6,833, including interest at 8%. Secured by inventory.	**116,994**	---
Unsecured term note payable to a corporation due March 2006 in monthly installments of $4,384, including interest at 8%.	**79,363**	---
	240,450	78,103
Less current maturities	**175,150**	59,302
	$ 65,300	$ 18,801

Principal maturities at June 30, 2004 are as follows:

2005	$ 175,150
2006	65,300
	$ 240,450

See Note 11 - Subsequent Events

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NOTE 5 - INCOME TAXES, (Restated)

The provision for taxes on income consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	**2004**	2003
Current:				
Federal	**$ ---**	$ ---	**$ ---**	$ ---
State	**(700)**	---	**(700)**	---
	(700)	---	**(700)**	---
Deferred:				
Federal	**(25,001)**	46,304	**(50,002)**	92,608
State	**(5,310)**	10,312	**(10,620)**	20,624
	(30,311)	56,616	**(60,622)**	113,232
Total tax (expense) benefit	**$ (31,011)**	$ 56,616	**$ (61,322)**	$ 113,232

NOTE 6 - EARNINGS PER COMMON SHARE, (Restated)

Earnings per common share are computed by dividing net income by the weighted average number of common shares and common stock equivalents outstanding during the year. Common stock equivalents are the net additional number of shares that would be issuable upon the exercise of the outstanding common stock options and warrants, assuming we reinvested the proceeds to purchase additional shares at market value. A total of 2,440,000 and 4,132,200 potentially dilutive securities for the three and six months ended June 30, 2004 and 2003, respectively, have been excluded from the computation of diluted earnings per share, as their inclusion would be anti-dilutive.

The following table shows the amounts used in computing earnings per share and the effect on income and the average number of shares of dilutive potential common stock:

Three months ended June 30	**2004**	2003
Net Income (loss)	**$ (320,708)**	$ 496,913
Preferred stock dividends	---	---
Net income (loss) available to common shareholders	**$ (320,708)**	$ 496,913
Basic weighted average shares outstanding	**23,276,312**	19,811,438
Dilutive effect of:		
Stock options	---	---
Convertible preferred series A	---	114,000
Convertible preferred series B	---	40,000
Warrants	---	112,963
Diluted weighted average shares outstanding	**23,276,312**	20,078,401
Earnings (loss) per share:		
Basic	**$ (0.01)**	$ 0.03
Diluted	**$ (0.01)**	$ 0.02

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Six months ended June 30		**2004**		2003
Net Income (loss)	$	**(137,270)**	$	524,146
Preferred stock dividends		**---**		---
Net income (loss) available to common shareholders	$	**(137,270)**	$	524,146
Basic weighted average shares outstanding		**22,143,875**		19,811,438
Dilutive effect of:				
Stock options		**---**		---
Convertible preferred series A		**---**		114,000
Convertible preferred series B		**---**		40,000
Warrants		**---**		103,947
Diluted weighted average shares outstanding		**22,143,875**		20,069,385
Earnings (loss) per share:				
Basic	**$**	**(0.01)**	$	0.03
Diluted	**$**	**(0.01)**	$	0.03

NOTE 7 - STOCK-BASED COMPENSATION, (Restated)

Our Stock Incentive Plan (the "Plan") authorizes the issuance of various forms of stock-based awards including incentive and nonqualified stock options, stock appreciation rights attached to stock options, and restricted stock awards to our directors, officers and other key employees. Stock options are granted at an exercise price as determined by our Board at the time the Option is granted and shall not be less than the par value of such shares of common stock. Stock options vest quarterly over three years and have a term of ten years.

We apply APB Opinion No. 25 and related interpretations in accounting for our stock options. Accordingly, no compensation cost has been recognized for outstanding stock options. Had compensation cost for our outstanding stock options been determined based on the fair value at the grant date (calculated using the Black-Scholes Option-Pricing Model) for those options consistent with SFAS No. 123, our net income and primary and diluted earnings per share would have differed as reflected by the pro forma amounts indicated below:

	Three months ended June 30,				**Six months ended June 30,**			
		2004		2003		**2004**		2003
Net income (loss), as reported	$	**(320,708)**	$	496,913	$	**(137,270)**	$	524,146
Pro Forma compensation charge under SFAS 123		**(13,696)**		(15,722)		**(26,307)**		(31,444)
Pro Forma net income (loss)	$	**(334,404)**	$	481,191	$	**(163,577)**	$	492,702
Earnings (loss) per share:								
Basic - as reported	$	**(0.01)**	$	0.03	**$**	**(0.01)**	$	0.03
Basic - pro forma	$	**(0.01)**	$	0.02	**$**	**(0.01)**	$	0.02
Diluted - as reported	$	**(0.01)**	$	0.02	**$**	**(0.01)**	$	0.03
Diluted - pro forma	$	**(0.01)**	$	0.02	**$**	**(0.01)**	$	0.02

NOTE 8 - COMMITMENTS AND CONTINGENCIES, (Restated)

We are subject to legal proceedings and claims that arise in the ordinary course of our business. In the opinion of our management, the amount of ultimate liability with respect to these actions will not materially affect our financial statements taken as a whole.

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Our employment agreements with our management team each contain a provision for an annual bonus equal to 1% of our net income (3% total). We accrue this bonus on a quarterly basis. Our management team consists of our Chief Executive Officer (with a base annual salary of $150,000), our Chief Financial Officer (with a base annual salary of $110,000), and our Chief Technology Officer (with a base annual salary of $150,000). In addition to the bonus provisions and annual base salary, each employment agreement provides for payment of all accrued base salaries ($13,580 included in other current liabilities at June 30, 2004), bonuses ($8,402 included in other current liabilities at June 30, 2004), and any vested deferred compensation ($31,413 included in other current liabilities at June 30, 2004) for termination by reason of disability. The agreements also provide for severance compensation equal to the then base salary until the later of (i) the expiration of the term of the agreement as set forth therein or (ii) one year, when the termination is other than for cause (including termination by reason of disability). There is no severance compensation in the event of voluntary termination or termination for cause.

In March 2004, we finalized a settlement with Zondervan and TLC. The settlement agreement was effective October 20, 2003 and called for our payment to Zondervan of a total of $500,000, plus 5% simple interest, in installments of $150,000, plus interest, due November 15, 2003 and January 30, 2004, and installments of $100,000, plus interest, due April 30, 2004 and July 30, 2004, all of which has been paid. The settlement agreement was secured by all rights, title and interest in QuickVerse® together will all proceeds produced by QuickVerse®. In addition, in accordance with the provisions of the settlement agreement, the term of the software license agreement with Parsons Technology, Inc., a subsidiary of TLC, has been extended indefinitely and provides us with the exclusive worldwide right to to market and sell into non-secular channels, and to continue to develop those titles it covers.

We were in arrears with the Internal Revenue Service for back payroll taxes and had been paying the payroll taxes in monthly installments previously approved by the Internal Revenue Service. Subsequent to the financing received in July of 2004 (see Note 11 - Subsequent Events), we paid all back payroll taxes that were due to the Internal Revenue Service.

NOTE 9 - RISKS AND UNCERTAINTIES

Our future operating results may be affected by a number of factors. We are dependent upon a number of major inventory and intellectual property suppliers. If a critical supplier had operational problems or ceased making material available to us, operations could be adversely affected. We are also dependent upon a few major customers. If any of these customers experienced operational problems or ceased placing orders with us, operations could also be adversely affected.

NOTE 10 - GOING CONCERN

The accompanying financial statements have been prepared assuming that we will continue as a going concern. We have a negative current ratio and total liabilities in excess of total assets. Those factors create an uncertainty about our ability to continue as a going concern. Our management has secured investment capital, reduced liabilities (see Note 11 - Subsequent Events), and is pursuing further development of our flagship software titles. Our ability to continue as a going concern is dependent on the success of our flagship software titles and the successful development of new titles and platforms. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 11 - SUBSEQUENT EVENTS

On July 19, 2004, we cancelled 100,000 options with an exercise price of $0.11 per share, 190,200 options with an exercise price of $1.00 per share and 525,000 options with an exercise price of $1.03 per share. We apply APB Opinion No. 25 and related interpretations in accounting for our stock options. Accordingly, no compensation cost had been recognized for the above stock options; and therefore, there was no effect on our financial statements.

On July 19, 2004, we converted 8,900 shares of Preferred Series A into 178,000 common shares, 1,500 shares of Preferred Series A into 15,000 common shares, 1,000 shares of Preferred Series A into 25,000 common shares, and 40,000 shares of Preferred Series B into 266,667 common shares. In addition, we converted $4,125 of unpaid accumulated Preferred Series A dividends into 56,356 common shares.

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On July 19, 2004, we completed an equity financing in the amount of $1,750,000 through a private placement with a New York based private investment partnership. Under the terms of the agreement, the investor purchased 21,875,000 restricted common shares at a price of $0.08 per share. In addition, according to the terms of the agreement, the investor is entitled to receive two warrants to purchase up to an additional 21,875,000 shares of common stock. The first warrant entitles the holder to purchase up to 10,937,500 shares of our common stock at a price of $0.18 per share, and the second warrant entitles the holder to purchase up to 10,937,500 additional shares of our common stock at a price of $0.60 per share. Each warrant is subject to standard adjustment provisions and each provides for settlement in registered shares of our common stock and may, at the option of the holder, be settled in a cashless, net-share settlement.

On July 20, 2004, we submitted a request to terminate the Accounts Receivable Financing Agreement with Alliance Financial Capital.

On July 26, 2004, we concluded a settlement agreement with an institutional private equity investor. As consideration of the settlement, we agreed to pay a one time termination fee of $125,000 and issue 295,692 non-restricted shares of common stock with an effective issuance date of September 26, 2002. An original warrant dated March 26, 2001 to purchase 510,000 common shares exercisable at $0.23 per share was cancelled.

In July 2004, we retired three notes payable totaling $89,999 (see Note 3 - Notes Payable).

In July 2004, we retired a term note due December 2005 for a payment of $70,000 (see Note 4 - Long-Term Notes Payable).

In July 2004, we paid all back payroll taxes that were due to the Internal Revenue Service (see Note 8 - Commitments and Contingencies).

In July 2004, we made the final payment to Zondervan for $100,000 plus 5% simple interest. This payment completes all of our obligations that were previously outlined in the settlement agreement with Zondervan and TLC dated October 2003 (see Note 8 - Commitments and Contingencies). In addition, in accordance with the provisions of the settlement agreement, the term of the software license agreement with Parsons Technology, Inc., a subsidiary of TLC, has been extended indefinitely, and provides us with the exclusive worldwide right to market and sell into non-secular channels, and to continue to develop those titles it covers (see Note 8 - Commitments and Contingencies).

In August 2004, we received $50,000 out of a total of $100,000 from the cash held in reserve by our merchant banker.

NOTE 12 - RESTATEMENT AND RECLASSIFICATION

We have restated our financial statements for the three and six months ended June 30, 2004 and 2003 to reflect certain issues identified during a regulatory review of our financial statements associated with a certain registration statement filed with the SEC on November 22, 2004 on Form SB-2, which is pending effectiveness as of the date of this 10-QSB/A filing. Our management and our board of directors have concluded these restatements are necessary to reflect the changes described below. There was no net effect on cash provided by operating activities or cash used by investing and financing activities as a result of these corrections.

Revisions affecting our condensed consolidated statements of operations:

· In June 1999 we entered into a certain software license agreement with Parsons Technology, Inc. to manufacturer, distribute and sell a variety of software titles, including QuickVerse® and Membership Plus®, by far our two largest selling titles. During the three month period ended June 30, 2002, we offset the remaining unpaid installment of $1,051,785 against the carrying amount of the 1999 license in accordance with the terms of the tentative settlement agreement with The Learning Company ("TLC"), the licensor-assignee at the time. Although paragraph 6 of SFAS No. 141, *Business Combinations*, which guides the recognition and measurement of intangible assets, provides that the measurement of an asset in which the consideration given is cash is measured by the amount of cash paid, our management has since concluded that too much time had passed between the date of the 1999 license and the date of the tentative settlement agreement for such an offset to be proper. Therefore, we recognized the extinguishment of the liability owed to TLC as income in the 2002 statement of operations. We have restated the condensed consolidated balance sheets as of June 30, 2004 and 2003 and the condensed consolidated statements of operations and consolidated statements of cash flows for the three and six months then ended.

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- During the three month period ended June 30, 2002, we extended the estimated life of the 1999 license from 10 years to 50 years in accordance with the terms of a tentative settlement agreement with TLC. Although the 1999 license, as amended, provides for our unlimited and exclusive use of the trademarks related to the licensed products, and our management assessed its useful life as indefinite based on the estimated future direct or indirect cash flows from the license, as determined in accordance with paragraphs 11 and 53 of SFAS No. 142, *Goodwill and Other Intangible Assets*, our management has since concluded that a 10 year life is appropriate on the basis of, among other things, on our going concern opinions for the years ended December 31, 2002 and 2003. We have restated our condensed consolidated balance sheets as of June 30, 2004 and 2003 and our condensed consolidated statements of operations and consolidated statements of cash flows for the three and six months then ended.

- We had previously, and erroneously, included rebates, and adjustments to rebates, as part of our sales and marketing expenses. The more appropriate presentation should have been, and is now, an adjustment to revenue, as in accordance with EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*. During the three months ended June 30, 2004, we recorded an adjustment to our rebates reserve in the amount of $266,301 and an adjustment to rebates payable in the amount of $12,599. Upon reassessment of the adequacy of our reserve at December 31, 2003, we have allocated $124,262 of the total adjustment to fiscal year 2003 with $14,793 allocated to the three months ended June 30, 2003, $50,297 allocated to the three months ended September 30, 2003 and $59,172 allocated to the three months ended December 31, 2003 and $142,039 to fiscal year 2004 with $66,575 allocated to the three months ended March 31, 2004 and $75,464 allocated to the three months ended June 30, 2004. These adjustments resulted from a change in our internal control over financial reporting. Previously, when making our assessment of the adequacy of our reserve for rebates, we did not take into consideration the amount and number of outstanding checks, issued checks that were returned as undeliverable, or our ability to meet our recorded financial obligation. We changed our internal control procedures to include review of each of these factors in our assessment of the adequacy of the reserve for rebates. We have restated the condensed consolidated balance sheets as of June 30, 2004 and 2003 and the condensed consolidated statements of operations and consolidated statements of cash flows for the three and six months then ended.

Revisions affecting our condensed consolidated statements of operations:

- During the three months ended March 31, 2004 and 2003, we wrote-off two distinctly different categories of obsolete inventory with a carried cost totaling $32,396 and $31,892, respectively. The 2004 obsolete inventory write-off contained Zondervan-owned content and was a direct result of our March 2004 settlement with Zondervan (see Note 11). We originally recorded these events as non-recurring items in the other income (expense) section of the consolidated statements of operations. We have revised condensed consolidated statements of operations for the three and six months ended June 30, 2004 and 2003 to reflect these inventory adjustments in the cost of sales section. There was no net effect on our net income (loss) for the three and six months ended June 30, 2004 and 2003 as a result of our correction of this error.

- During the three months ended June 30, 2004, we reached a final settlement agreement in our dispute with Zondervan and TLC. As part of the settlement process, we conducted an internal audit (which was verified by an independent auditor provided by TLC) of the accrued royalties owed Zondervan. The audit revealed that accrued royalties had been overstated due to our 2001 bad debt recognition of TLC's trade accounts receivable balance. The amount by which the accrued royalties had been overstated remained part of our dispute with Zondervan and as such remained in our liabilities until a final settlement agreement was reached. We originally reported the adjustment as a non-recurring item in the other income (expense) section of our condensed consolidated statements of operations for the three and six months ended June 30, 2003. We have revised our condensed consolidated statements of operations for the three and six months ended June 30, 2003 to reflect the adjustment as other income. There was no net effect on the net income (loss) for the three and six months ended June 30, 2003 as a result of our correction of this error.

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- Rebates payable to a third-party processor were overstated on our consolidated financial statements for the year ended December 31, 2000. We discovered this error during the preparation of our condensed consolidated financial statements for the three months ended March 31, 2004. We originally recorded the error correction as an adjustment to our beginning retained earnings for the year ended December 31, 2003 in our fiscal year 2004 quarterly and annual filings. We have since revised our consolidated statements of operations for the year ended December 31, 2000 to reflect an adjustment to revenue and reported the correction on Form 10-KSB/A for the year then ended. There was no net effect on our net income (loss) for the three and six months ended June 30, 2004 and 2003 or retained earnings (deficit) at June 30, 2004 and 2003 as a result of our correction of this error.

- We have also reclassified various other expense items in our condensed consolidated statements of operations for the three and six months ended June 30, 2004 and 2003 to conform to the presentation in our statements of operations for the years ended December 31, 2004 and 2003. There was no net effect on our net income (loss) for the three and six months ended June 30, 2004 and 2003 as a result of our correction of this error.

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A summary of the effects of these changes is as follows:

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2004
(Unaudited)

		As Originally Reported		As Restated		Change	
		Assets					
Current assets:							
Cash and cash equivalents	$	61,364	$	---	$	(61,364)	(a)
Accounts receivable, trade		183,241		183,241		---	
Inventory		161,903		161,903		---	
Other current assets		97,326		97,326		---	
Total current assets		503,834		442,470		(61,364)	
Property and equipment, net		63,664		63,664		---	
Software license, net		2,513,158		2,517,538		4,380	(b)
Software development, net		504,497		504,497		---	
Restricted cash		---		100,354		100,354	(a)
Other assets		93,805		93,805		---	
Total assets	$	3,678,958	$	3,722,328	$	43,370	
Liabilities and stockholders' equity							
Current liabilities:							
Cash overdraft	$	---	$	38,990	$	38,990	(a)
Notes payable		89,999		89,999		---	
Accrued royalties		1,203,369		1,203,369		---	
Accounts payable, trade		709,415		709,415		---	
Current maturities of long-term notes payable		175,150		175,150		---	
Other current liabilities		679,252		679,252		---	
Total current liabilities		2,857,185		2,896,175		38,990	
Long-term note payable		65,300		65,300		---	
Non-current deferred taxes		1,052,932		777,774		(275,158)	(c)
Commitments and contingencies							
Stockholders' equity:							
Preferred stock		51		51		---	
Common stock		23,492		23,492		---	
Paid-in capital		7,227,564		7,227,564		---	
Retained (deficit)		(7,547,566)		(7,268,028)		279,538	
Total stockholders' equity		(296,459)		(16,921)		279,538	
	$	3,678,958	$	3,722,328	$	43,370	

Total liabilities and
stockholders' equity

(a) Reclassification of restricted cash with merchant banker as non-current asset.
(b) Net change from reclassification of forgiveness of final installment and additional amortization from returning the estimated economic useful life from indefinite to 10 years.
(c) Decrease from recalculation of deferred income taxes resulting from changes to the software license agreement.

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Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2003
(Unaudited)

		As Originally Reported		As Restated		Change	
		Assets					
Current assets:							
Cash and cash equivalents	$	37,876	$	---	$	(37,876)	(a)
Accounts receivable, trade		158,700		158,700		---	
Inventory		320,100		320,100		---	
Other current assets		66,804		66,804		---	
Total current assets		583,480		545,604		(37,876)	
Property and equipment, net		78,163		78,163		---	
Software license, net		2,529,896		3,021,044		491,148	(b)
Software development, net		385,746		385,746		---	
Restricted cash		---		50,000		50,000	(a)
Other assets		49,393		49,393		---	
Total assets	$	3,626,678	$	4,129,950	$	503,272	
		Liabilities and stockholders' equity					
Current liabilities:							
Cash overdraft	$	---	$	12,125	$	12,125	(a)
Notes payable		749,999		749,999		---	
Accrued royalties		1,595,859		1,595,859		---	
Accounts payable, trade		983,232		884,285		(98,947)	(c)
Current maturities of long-term notes payable		59,302		59,302		---	
Other current liabilities		1,251,050		1,236,257		(14,793)	(e)
Total current liabilities		4,639,442		4,537,827		(101,615)	
Long-term note payable		18,801		18,801		---	
Non-current deferred taxes		1,067,494		830,381		(237,113)	(d)
Commitments and contingencies							
Stockholders' equity:							
Preferred stock		51		51		---	
Common stock		19,811		19,811		---	
Paid-in capital		7,029,079		7,029,079		---	
Retained (deficit)		(9,148,000)		(8,306,000)		842,000	
Total stockholders' equity		(2,099,059)		(1,257,059)		842,000	
Total liabilities and stockholders' equity	$	3,626,678	$	4,129,950	$	503,272	

(a) Reclassification of restricted cash with merchant banker as non-current asset.
(b) Net change from reclassification of forgiveness of final installment and additional amortization from returning the estimated economic useful life from indefinite to 10 years.
(c) Decrease from restatement of 2000 error correction discovered in 2004.
(d) Decrease from recalculation of deferred income taxes resulting from changes to the software license agreement.
(e) Reallocation and reclassification of rebate adjustment to periods ended June 30, 2003, September 30, 2003, December 31, 2003, March 31, 2004 and June 30, 2004.

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Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Six Months Ended June 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 2,499,215	$ 2,653,853	$ 154,638	(a)
Cost of sales	630,791	740,069	109,278	(b)
Gross profit	1,868,424	1,913,784	45,360	
Operating expenses:				
Sales and marketing	497,049	510,501	13,452	(c)
General and administrative	1,249,306	1,171,574	(77,732)	(d)
Inventory write down	32,396	---	(32,396)	(e)
Rebate reserve adjustment	(266,301)	---	266,301	(f)
Bad debt provision	2,500	2,500	---	
Depreciation and amortization	22,886	274,639	251,753	(g)
Total operating expenses	1,537,836	1,959,214	421,378	
Earnings (loss) from operations	330,588	(45,430)	(376,018)	
Other income	---	1,170	1,170	(h)
Other expenses, net	(30,518)	(31,688)	(1,170)	(h)
Income (loss) before income taxes	300,070	(75,948)	(376,018)	
Provision for income taxes	(2,305)	(61,322)	(59,017)	(i)
Net income (loss)	$ 297,765	$ (137,270)	$ (435,035)	
Net earnings (loss) per share:				
Basic	$ 0.01	$ (0.01)	$ (0.02)	
Diluted	$ 0.01	$ (0.01)	$ (0.02)	
Weighted average shares outstanding:				
Basic	22,143,875	22,143,875	---	
Diluted	23,821,007	22,143,875	(1,677,132)	(j)

(a) Increase from reclassification of rebate reserve adjustment from Sales and marketing expenses.
(b) Increase from reclassification of non-capitalized technical support wages from General and administrative expenses, reclassification of fulfillment costs from Sales and marketing expenses, and reclassification of Inventory write down expense from operating expenses.
(c) Increase from reclassification of rebate reserve adjustment to Revenues and reclassification of fulfillment costs to Cost of sales.

(d) Decrease from reclassification of non-capitalized technical support wages to Cost of sales.
(e) Decrease from reclassification to Cost of sales.
(f) Increase from reclassification as an adjustment to revenue.
(g) Increase from effects of additional amortization of the software license agreement.
(h) Reclassification of Other income.
(i) Income tax effects of additional software license amortization.
(j) Decrease due to change from net income to net loss.

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Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended June 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 961,951	$ 1,020,885	$ 58,934	(a)
Cost of sales	233,102	271,410	38,308	(b)
Gross profit	728,849	749,475	20,626	
Operating expenses:				
Sales and marketing	280,033	267,902	(12,131)	(c)
General and administrative	658,603	615,895	(42,708)	(d)
Rebate reserve adjustment	(266,301)	---	266,301	(e)
Depreciation and amortization	13,311	139,187	125,876	(f)
Total operating expenses	685,646	1,022,984	337,338	
Earnings (loss) from operations	43,203	(273,509)	(316,712)	
Other income	---	1,170	1,170	(g)
Other expenses, net	(16,188)	(17,358)	(1,170)	(g)
Income (loss) before income taxes	27,015	(289,697)	(316,712)	
Provision for income taxes	(1,505)	(31,011)	(29,506)	(h)
Net income (loss)	$ 25,510	$ (320,708)	$ (346,218)	
Net earnings (loss) per share:				
Basic	$ ---	$ (0.01)	$ (0.01)	
Diluted	$ ---			

13 Related party transactions

San Faustín N.V. has notified the Company that it owns 713,605,187 shares in the Company, representing 60.4% of the Company's capital and voting rights. San Faustín N.V. owns all of its shares in the Company through its wholly-owned subsidiary I.I.I. Industrial Investments Inc.. Rocca & Partners S.A. controls a significant portion of the voting power of San Faustín N.V. and has the ability to influence matters affecting, or submitted to a vote of the shareholders of San Faustín N.V., such as the election of directors, the approval of certain corporate transactions and other matters concerning the company's policies. There are no controlling shareholders for Rocca & Partners. Tenaris' directors and executive officers as a group own 0.2% of the Company's outstanding shares, while the remaining 39.4% are publicly traded.

At June 30, 2008, the closing price of Ternium S.A. ("Ternium") ADS as quoted on the New York Stock Exchange was $42.00 per ADS, giving Tenaris's ownership stake a market value of approximately $965 million. At June 30, 2008, the carrying value of Tenaris's ownership stake in Ternium was approximately $591 million.

Transactions and balances disclosed as with "Associated" companies are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions with related parties which are not Associated and which are not consolidated are disclosed as "Other".

13 Related party transactions (Cont.)

The transactions and balances with related parties are shown below:

(all amounts in thousands of U.S. dollars) (Unaudited)

	Six-month period ended June 30, 2008	Associated (1)	Other	Total
(i)	Transactions			
	(a) Sales of goods and services			
	Sales of goods	32,893	17,365	50,258
	Sales of services	11,711	1,985	13,696
		44,604	19,350	63,954
	(b) Purchases of goods and services			
	Purchases of goods	45,501	7,460	52,961
	Purchases of services	55,390	31,818	87,208
		100,891	39,278	140,169

(Unaudited)

Six-month period ended June 30, 2007	Associated (2)	Other	Total
(i) Transactions			
(a) Sales of goods and services			
Sales of goods	48,345	22,157	70,502
Sales of services	16,591	2,979	19,570
	64,936	25,136	90,072
(b) Purchases of goods and services			
Purchases of goods	124,519	9,686	134,205
Purchases of services	42,140	39,724	81,864
	166,659	49,410	216,069

(Unaudited)

At June 30, 2008	Associated (1)	Other	Total
(ii) Period-end balances			
(a) Arising from sales / purchases of goods / services			
Receivables from related parties	43,462	11,794	55,256
Payables to related parties	(28,533)	(11,677)	(40,210)
	14,929	117	15,046
(b) Financial debt			
Borrowings	(3,732)	-	(3,732)

(Unaudited)

At December 31, 2007	Associated (1)	Other	Total
(ii) Year-end balances			

(a) Arising from sales / purchases of goods / services			
Receivables from related parties	45,773	8,015	53,788
Payables to related parties	(61,597)	(7,379)	(68,976)
	(15,824)	636	(15,188)
(b) Financial debt			
Borrowings (3)	(27,482)	-	(27,482)

(1) Includes Ternium S.A. and its subsidiaries ("Ternium"), Condusid C.A. ("Condusid"), Finma S.A.I.F ("Finma"), Lomond Holdings B.V. group ("Lomond"), Socotherm Brasil S.A. ("Socotherm"), Hydril Jindal International Private Ltd. and TMK – Hydril JV.
(2) Includes Ternium, Condusid, Finma, Lomond, Dalmine Energie, Socotherm, Hydril Jindal International Private Ltd. and TMK – Hydril JV.
(3) Includes loan from Sidor to Materiales Siderurgicos S.A. ("Matesi") of $26.4 million at December 31, 2007.

14 Investment in Ternium: Sidor nationalization process

On June 30, 2008, the Company held 11.46% of the capital stock of Ternium S.A. As publicly stated by Ternium, the book value of Ternium's interest in Sidor was $1.3 billion at June 30, 2008.

On March 31, 2008, Ternium controlled shares representing approximately 59.7% of Sidor's capital, while Corporación Venezolana de Guayana, or CVG (a Venezuelan governmental entity) and Banco de Desarrollo Económico y Social de Venezuela, or BANDES (a bank owned by the Venezuelan government) held approximately 20.4% of Sidor and certain Sidor employees and former employees held the remaining 19.9% interest.

On April 8, 2008, the Venezuelan government announced its intention to take control over Sidor. On April 29, 2008, the National Assembly of the Republic of Venezuela passed a resolution declaring that the shares of Sidor, together with all of its assets, are of public and social interest. This resolution authorized the Venezuelan government to take any action it may deem appropriate in connection with any such assets, which may include expropriation.

On May 11, 2008, the Venezuelan government announced that Decree Law 6058 regulating the steel production activity in the Guayana, Venezuela region (the "Decree") became effective upon its publication on Venezuela's Official Gazette. The Decree ordered that Sidor and its subsidiaries and associated companies be transformed into state-owned enterprises ("empresas del estado"), with Venezuela owning not less than 60% of their share capital. Among other things, the Decree required the Venezuelan government to create a committee to negotiate over a 60-day period a fair price for the shares to be transferred to Venezuela.

Upon expiration of the term contemplated under the Decree, on July 12, 2008, Venezuela, acting through CVG, assumed operational control of Sidor. Following the change in operational control, CVG assumed complete responsibility for Sidor's operations, Sidor's board of directors ceased to function and Sidor's operations are managed by a 6-member temporary operating committee, the majority of whose members are appointed by CVG. Ternium, however, has not yet transferred its ownership interest in Sidor to Venezuela.

The term provided in the Decree for the negotiation of the conditions under which all or a significant part of Ternium's interest in Sidor will be transferred to Venezuela was extended until August 18, 2008. The negotiation of proposed future business relationships between Ternium and Sidor is also expected to be completed during that term.

15 Recently issued accounting pronouncements

(i) International Accounting Standard 27 (amended 2008), "Consolidated and separate financial statements"

In January 2008, the International Accounting Standards Board ("IASB") issued International Accounting Standard 27 (amended 2008), "Consolidated and separate financial statements" ("IAS 27 - amended"). IAS 27 - amended includes modifications to International Accounting Standard 27 that are related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.

IAS 27 - amended must be applied for annual periods beginning on or after 1 July 2009, although earlier application is permitted. However, an entity must not apply the amendments contained in IAS 27 - amended for annual periods beginning before 1 July 2009 unless it also applies IFRS 3 (as revised in 2008).

In May 2008, the IASB issued International Accounting Standard 27 (amended 2008), "Consolidated and Separate Financial Statements Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate" ("IAS 27 -

amended”). IAS 27 - amended includes modifications to International Accounting Standard 27 that are related, primarily, to the accounting for investments in subsidiaries, jointly controlled Entities or associates in separate financial statements when reorganizations are established.

The Company's management has not assessed the potential impact that the application of IAS 27 - amended may have on the Company's financial condition or results of operations.

15 Recently issued accounting pronouncements (Cont.)

(ii) International Financial Reporting Standard 3 (revised January 2008), “Business Combinations”

In January 2008, the IASB issued International Financial Reporting Standard 3 (revised January 2008), “Business Combinations” (“IFRS 3 revised”). IFRS 3 revised includes amendments that are meant to provide guidance for applying the acquisition method.

IFRS 3 revised replaces IFRS 3 (as issued in 2004) and comes into effect for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Earlier application is permitted, provided that IAS 27 – amended is applied at the same time.

The Company’s management estimates that the application of IFRS 3 revised will not have a material effect on the Company’s financial condition or results of operations.

(iii) Amendment to International Financial Reporting Standard 5 “Non-current Assets held for sale and Discontinued Operations”

In May 2008, the IASB amended International Financial Reporting Standard 5 “Non-current Assets held for sale and Discontinued Operations” by requiring this classification although the entity retains a non-controlling interest.

Entities shall apply these amendments for annual periods beginning on or after 1 July 2009. Earlier application is permitted, provided that IAS 27 – amended is applied at the same time.

Ricardo Soler
Chief Financial Officer