

PACIFICNET INC
Form 10-Q/A
December 11, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
(Amendment No. 1)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

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: 000-24985

PACIFICNET INC.
(Exact name of registrant in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

91-2118007
(I.R.S. Employer
Identification Number)

23/F, TOWER A, TIMECOURT, NO.6
SHUGUANG XILI,
CHAOYANG DISTRICT, BEIJING,
CHINA 100028

(Address of principal executive offices)

N/A

(Zip Code)

Registrant's telephone number, including area code: 0086-10-59225000

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer Accelerated Filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of May 30, 2007, there were 11,782,072 shares of the issuer's common stock, par value \$0.0001 per share, outstanding.

EXPLANATORY NOTE:

This Quarterly Report on Form 10-Q/A ("Form 10-Q/A") is being filed as Amendment No. 1 to our Quarterly Report on Form 10-Q for the period ended March 31, 2007, which was originally filed with the Securities and Exchange Commission ("SEC") on May 31, 2007. We are amending and restating the following specific items in this Form 10-Q/A:

1. Part I. Item 1. Financial Statements - to restate the financial statements as of, and for the three months ended March 31, 2007, and to restate the balance sheet as of December 31, 2006;
 2. Part I. Item 2. Management's Discussion And Analysis of Financial Condition and Results of Operations.
 3. Part II. Item 6 - to update the officer certifications for this Form 10-Q/A.
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PACIFICNET INC.
Form 10-Q/A for the Quarterly Period Ended March 31, 2007

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
PACIFICNET INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands of United States dollars, except par values and share numbers)

	March 31, 2007	December 31, 2006
	Unaudited Restated	Audited Restated
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 4,041	\$ 1,900
Restricted cash - pledged bank deposit	235	234
Accounts receivables, net	8,411	8,141
Inventories	428	201
Loan receivable from related parties	713	1,706
Loan receivable from third parties	178	128
Marketable equity securities - available for sale	568	558
Loans to employees	1,341	770
Other receivables, net	290	170
Other current assets	2,796	3,233
Total Current Assets	19,001	17,041
Property and equipment, net	6,656	4,711
Investments in affiliated companies and subsidiaries	34	1,257
Intangible assets, net	400	323
Goodwill	6,258	5,601
Other assets	-	471
Net assets held for disposition	8,876	7,522
TOTAL ASSETS	\$ 41,225	\$ 36,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities:</i>		
Bank line of Credit	\$ 404	\$ 855
Bank loans-current portion	933	576
Capital lease obligations - current portion	110	120
Accounts payable	1,277	1,266
Accrued expenses and other payables	1,711	1,828
Customer deposits	341	352
Loans payable to related party	577	638
Convertible debenture	7,854	8,945
Warrant liability	844	904
Liquidated damages liability	2,697	2,837
Total Current Liabilities	16,748	18,321
<i>Long-term liabilities:</i>		
Bank loans - non current portion	2,280	1,635
Capital lease obligations - non current portion	104	124
Convertible Debenture- non current portion, net	2,307	-
Total long-term liabilities	4,691	1,759

Total liabilities	21,439	20,080
Minority interest in consolidated subsidiaries	4,206	2,869
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value \$0.0001, Authorized 5,000,000 shares Issued and outstanding - none		
Common stock, par value \$0.0001, Authorized 125,000,000 shares; Issued and outstanding: March 31, 2007: 14,355,041 shares issued, 11,782,072 outstanding December 31, 2006: 14,155,597 issued, 11,538,664 outstanding	1	1
Treasury stock, at cost (2007 Q1: 2,572,969 shares, 2006: 2,616,933 shares)	(145)	(272)
Additional paid-in capital		