

Edgar Filing: NETWORK INSTALLATION CORP - Form 10QSB

NETWORK INSTALLATION CORP  
Form 10QSB  
November 22, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2004  
Commission file number 000-25499

NETWORK INSTALLATION CORPORATION  
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(Exact name of small business issuer as specified in its charter)

Nevada  
-----

State or other jurisdiction of  
Incorporation or organization

88-0390360  
-----

(IRS Employer  
Identification Number)

Irvine, CA  
-----

(Address of principal executive offices)

92618  
-----

(Zip Code)

(949) 753-7551  
-----

(Issuer's telephone number, including area code)

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  No

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

As of November 1, 2004, the Issuer had outstanding 23,161,490 shares of its common stock, \$0.001 par value.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE) YES  NO

PART I - FINANCIAL INFORMATION

NETWORK INSTALLATION CORP.  
(Formerly, Flexxtech Corporation)  
CONSOLIDATED BALANCE SHEET

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|                                                                                                                       | Unaudited<br>Three Months<br>Ended<br>Sept 30,<br>2004<br>----- |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| ASSETS                                                                                                                |                                                                 |
| Current Assets:                                                                                                       |                                                                 |
| Cash and cash equivalents . . . . .                                                                                   | \$ 239,240                                                      |
| Accounts receivable, net of allowance for<br>doubtful accounts of \$95,486 . . . . .                                  | 788,065                                                         |
| Prepaid Consulting Services . . . . .                                                                                 | 685,750                                                         |
|                                                                                                                       | -----                                                           |
|                                                                                                                       | 1,713,055                                                       |
| <br>                                                                                                                  |                                                                 |
| Property and Equipment, net . . . . .                                                                                 | 6,844                                                           |
| Other Assets . . . . .                                                                                                | 42,302                                                          |
| Goodwill . . . . .                                                                                                    | 1,000,000                                                       |
|                                                                                                                       | -----                                                           |
| TOTAL ASSETS . . . . .                                                                                                | \$2,762,201<br>=====                                            |
| <br>                                                                                                                  |                                                                 |
| LIABILITIES & STOCKHOLDERS' DEFICIT                                                                                   |                                                                 |
| Current Liabilities:                                                                                                  |                                                                 |
| Accounts payable and accrued expenses . . . . .                                                                       | \$1,524,009                                                     |
| Loans payable . . . . .                                                                                               | 240,085                                                         |
| Loans payable related parties . . . . .                                                                               | 139,180                                                         |
|                                                                                                                       | -----                                                           |
| Total Current Liabilities . . . . .                                                                                   | 1,903,274                                                       |
| <br>                                                                                                                  |                                                                 |
| Long-term Liabilities:                                                                                                |                                                                 |
| Convertible debt . . . . .                                                                                            | 1,072,073                                                       |
| <br>                                                                                                                  |                                                                 |
| STOCKHOLDERS' DEFICIT                                                                                                 |                                                                 |
| Common stock, authorized 100,000,000 shares at \$.001 par<br>value, issued and outstanding 23,161,490 shares. . . . . | 23,362                                                          |
| Additional paid in capital . . . . .                                                                                  | 6,771,263                                                       |
| Shares to be issued . . . . .                                                                                         | 116,249                                                         |
| Accumulated deficit . . . . .                                                                                         | (7,124,020)                                                     |
|                                                                                                                       | -----                                                           |
| Total Stockholders' Deficit . . . . .                                                                                 | 213,146<br>-----                                                |
| <br>                                                                                                                  |                                                                 |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT . . . . .                                                                 | \$2,762,201<br>=====                                            |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NETWORK INSTALLATION CORP.  
CONSOLIDATED STATEMENTS OF  
OPERATIONS  
(Unaudited)

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|                                                                           | Three Month Periods<br>Ended September 30, |                | Nine<br>Ended |
|---------------------------------------------------------------------------|--------------------------------------------|----------------|---------------|
|                                                                           | 2004                                       | 2003           | 200           |
| Net revenue. . . . .                                                      | \$ 760,835                                 | \$ 444,736     | \$ 2,000      |
| Cost of revenue. . . . .                                                  | 374,335                                    | 358,131        | 1,041         |
| Gross profit . . . . .                                                    | 386,500                                    | 86,605         | 959           |
| Operating Expenses . . . . .                                              | 816,042                                    | 1,332,236      | 2,298         |
| Loss from operations . . . . .                                            | (429,542)                                  | (1,245,631)    | (1,339)       |
| Other income (expense)                                                    |                                            |                |               |
| Interest income. . . . .                                                  | 1,860                                      | -              | 3             |
| Loss on conversion of debenture. . . . .                                  | -                                          | (59,740)       |               |
| Interest expense . . . . .                                                | (119,425)                                  | (1,214,533)    | (320)         |
| Total other income (expense). . . . .                                     | (117,565)                                  | (1,274,533)    | (317)         |
| Loss from continuing operations before<br>income taxes . . . . .          | (547,107)                                  | (2,520,164)    | (1,657,       |
| Provision of Income tax. . . . .                                          | -                                          | -              |               |
| Loss from continuing operations. . . . .                                  |                                            | (2,520,164)    |               |
| Net loss . . . . .                                                        | (547,107)                                  | \$ (2,520,164) | (1,657        |
| Basic and diluted net loss per share:*                                    |                                            |                |               |
| Basic and diluted loss per share from continuing<br>operations . . . . .  | (.02)                                      | \$ (0.12)      |               |
| Basic and diluted loss per share from discontinued<br>operations. . . . . | -                                          | \$ 0.00        |               |
| Basic and diluted loss per share . . . . .                                | (.02)                                      | \$ (0.12)      |               |
| Basic and diluted weighted average shares<br>outstanding. . . . .         | 23,168,012                                 | 22,255,024     | 23,61         |