XCEL BRANDS, INC.

FORM 10-K
(Annual Report)

Filed 08/10/10 for the Period Ending 12/31/09

Address	475 10TH AVENUE 4TH FLOOR NEW YORK, NY 10018
Telephone	(347) 727-2474
CIK	0001083220
Symbol	NFBHD
SIC Code	7389 - Business Services, Not Elsewhere Classified
Industry	Misc. Financial Services
Sector	Financial
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K
(Mark One)

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF** 1934

for the fiscal year ended December 31, 2009

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 0-21419

NETFABRIC HOLDINGS, INC.
(Name of Small Business Issuer in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	76-0307819 (I.R.S. Employer Identification No.)
299 Cherry Hill Road, Parsippany, New Jersey (Address of Principal Executive Offices)	07054 (Zip Code)

(973) 537-0077
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.001 Par Value	Over-the-Counter Pink Sheets

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ☐

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 ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes ☐ No ☒ .

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small r5eporting company.

Large accelerated filer ☐	Accelerated filer ☐
Non- accelerated filer ☐	Small reporting company ☒

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

State issuer's revenues for its most recent fiscal year. $Nil

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. $44,621 as of August 2, 2010.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.97,053,044 shares of Common Stock, $0.001 par value, outstanding as of August 2, 2010.

Transitional Small Business Disclosure Format (Check One): Yes ☐ No ☒

PART I

From time to time, including in this annual report on Form 10-K, NetFabric Holdings, Inc. (the "Company", "NetFabric", "our" or "we") may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, future operations, new products, research and development activities and similar matters. A variety of factors could cause our actual results to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of our business include, without limitation, the following: general economic and business conditions, both nationally and in our markets; our expectations and estimates concerning future financial performance, financing plans, acquisitions or mergers, and the impact of competition; our ability to implement our acquisition and growth strategy; anticipated trends in our business; advances in technologies; and, other risk factors set forth under "Risk Factors" beginning on page 12 in this report.

ITEM 1. DESCRIPTION OF BUSINESS

We were incorporated in the State of Delaware on August 31, 1989 as Houston Operating Company. On December 9, 2004, we acquired NetFabric Corporation ("NetFabric Corp.") and on April 19, 2005, we changed our name to NetFabric Holdings, Inc. On May 20, 2005, we acquired UCA Services, Inc. ("UCA").

We were organized into two distinct divisions. NetFabric Holdings, Inc. the holding company that housed the finance and administrative functions and was responsible for financing transactions and regulatory compliance activities. UCA , until our divesture of it as explained later, provided IT services and solutions to a wide range of clients in the financial industry as well as the pharmaceutical, healthcare and hospitality sectors.

NetFabric Corp.

On December 9, 2004, we entered into an acquisition agreement (the "Acquisition Agreement") with all of the stockholders of NetFabric Corp. At the closing, which occurred simultaneously with the execution of the Acquisition Agreement, we acquired all of the issued and outstanding capital stock of NetFabric Corp. from the stockholders in exchange for an aggregate of 32,137,032 newly-issued shares of our common stock. The acquisition was accounted for as a reverse merger whereby NetFabric Corp. was treated as the acquirer. NetFabric Corp. was incorporated in the State of Delaware on December 17, 2002, as a new corporation and not as a result of a material reclassification, merger, consolidation, purchase or divesture.

Prior to our acquisition of NetFabric Corp., we did not have any operations, and we were a shell company whose primary business objective was to merge and become public.

NetFabric Corp. provided hardware and services to small to mid-sized businesses ("SMBs") that utilized the Internet for telephone communications or Voice over Internet Protocol ("VoIP"). NetFabric Corp. developed and marketed appliances, or Customer Premises Equipment ("CPE") that simplified the integration of standard telephone systems with an IP infrastructure. With minimal revenues from VoIP operations, we concluded that we could not implement our original business for VoIP operations within our resources or with the additional capital we could raise in the near term. On May 5, 2006, our Board of Directors decided that the Company should exit from the hardware-based VoIP communications product line (including resale of transport services) targeted at SMBs.

UCA

On May 20, 2005, we entered into and closed on a share exchange agreement, whereby we purchased all of the issued and outstanding shares of UCA from its shareholders in exchange for the issuance of 24,096,154 shares of our common stock. In May 2007, UCA changed its legal name to NetFabric Technologies, Inc.

UCA, a New Jersey company, is an information technology ("IT") services company that serves the information and communications needs of a wide range of Fortune 500 and small to mid-size business clients in the financial markets industry as well as the pharmaceutical, health care and hospitality sectors. UCA Services delivers a broad range of IT services in the practice areas of infrastructure builds and maintenance, managed services and professional services.

On August 24, 2009, we along with our wholly-owned subsidiary, UCA and Fortify Infrastructure Services, Inc. (“Fortify) entered into Amendment No. 1 (“Amendment”) to the Option and Purchase Agreement (“Option Agreement”) in connection with the closing of Fortify’s purchase of all of the outstanding capital stock of UCA upon exercise of its option granted under the Option Agreement. Pursuant to the Amendment, among other things, the Secured Convertible Promissory Note in the principal amount of $5 million (including the related accrued interest) issued by UCA to Fortify was cancelled, releases of certain obligations of the parties were granted as specified in the Amendment, and the commencement date and measurement period for the earn-out and bonuses provided for in the Option Agreement were modified. Effective August 24, 2009, the Company transferred its ownership interest in UCA to Fortify.

In accordance with FASB ASC 205-20-45-1 “Presentation of Financial Statements-Discontinued Operations-Other Presentation Matters” the Company has presented the results of UCA operations as discontinued operations in the accompanying consolidated balance sheets, statement of operations and statement of cash flows.

On March 12, 2009, we along with our wholly owned subsidiary, UCA entered into a Convertible Note Purchase Agreement dated March 12, 2009 with Fortify. (“Fortify). Pursuant to the Convertible Note Purchase Agreement, Fortify purchased a Secured Convertible Promissory Note (the “Note”) from UCA in the principal amount of $5 million with the Company being a guarantor for UCA’s borrowings.

The Note had a six-month term, and with interest at 8% per annum, compounded annually. The Note was secured by (i) all of the assets of UCA and the Company and (ii) all of the equity securities of UCA then owned or thereafter acquired by the Company. At the exclusive option of Fortify, Fortify may convert the entire principal amount of and accrued and unpaid interest on the Note into shares of Series A Preferred Stock of UCA. The conversion price shall be at a price equal to the price per share reflecting a valuation of UCA equal to $5 million, on an as-converted basis.

Fortify, UCA and the Company also entered into an Option and Purchase Agreement (“Option Agreement’). Pursuant to the Option Agreement, Fortify has an option to acquire all of the outstanding shares of common stock of UCA. Upon effectiveness of the Company’s Definitive Schedule 14 C Information Statement to be filed with the Securities and Exchange Commission (the “SEC”) in connection with certain actions taken by the written consent of holders of a majority of the Company’s outstanding common stock approving the terms of the Option Agreement, Fortify will exercise the option. Upon exercise of the Option, the Company will be released from the guaranty obligations of the Note. Fortify will pay the Company $500,000 (“Fixed Payment”) one year from the date the option is exercised. In addition, Fortify will pay additional amounts to the Company (up to a maximum of $500,000) and certain employees of UCA based on UCA’s performance during the periods specified in the Option Agreement (“Performance Payment”).

The holders of a majority of the Company’s outstanding common stock had previously approved the terms of the Option Agreement by a written consent as detailed in the Company’s Definitive Schedule 14 C Information Statement filed with the Securities and Exchange Commission (the “SEC”) on July 9, 2009.

The Company used approximately $3 million from the proceeds of the Note to repay all amounts owed to Laurus Master Fund. The balance of the proceeds was to be used for repayment of debt, other payables and for working capital purposes.

On April 27, 2010, we entered into a Memorandum of Understanding ("MOU") with Fortify and amended the Fixed Payment and Performance Payment previously agreed by them. Pursuant to Fortify agreeing to pay the amounts on accelerated basis unconditionally, the Company agreed to accept $850,000 in aggregate as the full settlement of Fixed Payment and Performance payments. This amount was received by the Company in May 2010 and $850,000 is classified as other receivables at December 31, 2009.

During 2009, we shut down our operations in India and dissolved our subsidiary there. The investment in the subsidiary and related accounts including property and equipment were written off and the resulting nominal expense was charged to operations. The operations in India were minimal and it supported some our activities with back office functions and did not have any external customers.

After the divesture of UCA, the Company does not have any operations. In the past, our operations was that of a holding company that housed the finance and administrative functions and was responsible for financing transactions and regulatory compliance activities. We continue those operations after the divesture of UCA with our officers providing their services on a part-time basis.

Employees

As of December 31, 2009, we did not have any full- time employees. Our officers provide services on a part-time basis and one of them provides his services on consulting basis through a company controlled by him.

As of April 1, 2008, due to our limited economic resources, we ceased filing our annual, quarterly or periodic reports with the Securities and Exchange Commission (the "SEC") and were not in compliance with relevant SEC rules and regulations. In February 2010, we filed our Annual Report on Form 10K for the years ended December 31, 2008 and 2007 and our quarterly reports for the three quarters 2008.

On April 27, 2010, the SEC notified us of our non compliance and its intent to deregister the Company. We have requested additional time to complete our audit of the fiscal year ended December 31, 2009 and to file all periodic reports to come back into compliance. We have not received a response from the SEC. We anticipate filing all the other required periodic reports with the SEC shortly after filing this report.

The public may read and copy any materials that we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains the reports, proxy and information statements and other information regarding the Company that we have filed electronically with the SEC. The address of the SEC's Internet site is http://www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY

Description of Property
We do not own or lease any real property. Our current office needs are very minimal and our office is located in UCA's office.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to, nor is any of our property the subject of, any pending legal proceedings other than routine litigation that is incidental to our business.

ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been quoted on the OTC Bulletin Board ("OTCBB") under the trading symbol "NFBH" since March of 2001. On April 19, 2005, our name was changed from Houston Operating Company to NetFabric Holdings, Inc. and our stock symbol was changed from "HOOC" to "NFBH". Our common stock has been quoted on the Pink Sheets under the ticker symbol "NFBH" since May 7, 2008.

The following table sets forth the high and low bid prices for our common stock for the 2008 periods indicated as reported by OTCBB, and the high and low sales prices for the 2009 periods indicated as reported by the Pink Sheets, as bid prices were unavailable for those periods. The source of this data is Bloomberg. The data does not reflect inter-dealer prices and the quotations are without retail mark-ups, mark-downs or commissions, may not represent actual transactions, and have not been adjusted for stock dividends or splits.

	High	Low
YEAR ENDED DECEMBER 31, 2009		
First Quarter	$ 0.001	$ 0.001
Second Quarter	$ 0.005	$ 0.001
Third Quarter	$ 0.001	$ 0.001
Fourth Quarter	$ 0.001	$ 0.001
YEAR ENDED DECEMBER 31, 2008		
First Quarter	$ 0.03	$ 0.03
Second Quarter	$ 0.02	$ 0.02
Third Quarter	$ 0.00	$ 0.00
Fourth Quarter	$ 0.00	$ 0.00

As of August 2, 2010, the number of stockholders of record was approximately 467 (excluding beneficial owners and any shares held in street name or by nominees).

In the past three years, we have not paid any dividends upon our common stock. The payment of common stock dividends, if any, in the future rests within the discretion of our Board of Directors and will depend upon, among other things, our earnings, capital requirements and financial condition, as well as other relevant factors.

Equity Plan Compensation Information

The following table sets forth information as of December 31, 2009 regarding compensation plans under which our equity securities are authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans(1)	5,525,085	$ 0.42	3,474,915
Equity compensation plans not approved by equity holders(2)	1,756,782	0.15	0
Total	7,281,867		3,474,915

(1) Pursuant to our 2005 Stock Option Plan.

(2) Outstanding warrants to acquire shares of common stock. The warrants expire at various times through 2011.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes and the other financial information appearing elsewhere in this report and reports included herein by reference. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements.

CORPORATE HISTORY

We were formerly known as Houston Operating Company and were incorporated in Delaware on August 31, 1989. On December 9, 2004, we entered into an Acquisition Agreement with all of the stockholders of NetFabric Corp., a Delaware corporation. NetFabric Corp. was incorporated in Delaware on December 17, 2002 and began operations in July 2003. At the closing, which occurred simultaneously with the execution of the Acquisition Agreement, we acquired all of the issued and outstanding capital stock of NetFabric Corp. from the stockholders in exchange for an aggregate of 32,137,032 newly-issued shares of our common stock. The acquisition was accounted for as a reverse merger whereby NetFabric Corp. was treated as the acquirer. On April 19, 2005, our name was changed from Houston Operating Company to NetFabric Holdings, Inc. and our stock symbol was changed from "HOOC" to "NFBH."

Prior to acquiring NetFabric Corp., Houston Operating Company did not have any operations, and we were a shell company whose primary business objective was to merge and become public. NetFabric Corp. was a provider of hardware and services to small to mid-sized businesses ("SMBs") that utilized the Internet for telephone communications or Voice over Internet Protocol ("VoIP"). It developed and marketed appliances or Customer Premises Equipment ("CPE") that simplified the integration of standard telephone systems with an IP infrastructure. In addition, NetFabric Corp resold transport services of a third party VoIP transport provider.

With minimal revenues from VoIP operations, we concluded that we could not implement our original business plan for VoIP operations within our resources or with the additional capital we could raise in the near term. On May 5, 2006, our Board of Directors decided that the Company should exit the hardware-based VoIP communications product line (including resale of transport services) that is targeted to SMBs.

UCA SERVICES, INC. ACQUISITION

On May 20, 2005, we entered into and closed on a share exchange agreement, whereby we purchased all of the issued and outstanding shares of UCA Services, Inc., a New Jersey company (“UCA ”) from its shareholders in exchange for the issuance of 24,096,154 shares of our common stock. UCA Services is an IT services and solutions company that serves the information needs of a wide range of Fortune 500 clients in the financial markets industry and the pharmaceutical, health care and hospitality sectors. UCA Services delivers a broad range of IT services in managed services, professional services, infrastructure building and maintenance, application development and maintenance areas. The acquisition was accounted for using the purchase method of accounting with UCA Service’s results of operations included in our consolidated financial statements from the date of acquisition.

DISCONTINUED OPERATIONS

On August 24, 2009, the Company along with its wholly-owned subsidiary, UCA and Fortify entered into Amendment No. 1 (“Amendment”) to the Option and Purchase Agreement (“Option Agreement”) in connection with the closing of Fortify’s purchase of all of the outstanding capital stock of UCA upon exercise of its option granted under the Option Agreement. Pursuant to the Amendment, among other things, the Secured Convertible Promissory Note in the principal amount of $5 million (including the related accrued interest) issued by UCA to Fortify was cancelled, releases of certain obligations of the parties were granted as specified in the Amendment, and the commencement date and measurement period for the earn-out and bonuses provided for in the Option Agreement were modified. Effective August 24, 2009, the Company transferred its ownership interest in UCA to Fortify.

In accordance with FASB ASC 205-20-45-1 “Presentation of Financial Statements-Discontinued Operations-Other Presentation Matters” the Company has presented the results of UCA operations as discontinued operations in the accompanying consolidated balance sheets, statement of operations and statement of cash flows.

UCA derived revenues primarily from managed IT services, professional services, application development services and business process management services. Service arrangements with customers were generally on a time and material basis or fixed-price, fixed-timeframe revenue basis. UCA’s principal operating expenses were direct employee costs, consultant expenses and selling, general and administrative expenses. The principal components of selling, general and administrative expenses were salaries of sales and support personnel, and office rent. Direct employee costs and consultant expenses were comprised primarily of the costs of consultant labor, including employees, subcontractors and independent contractors, and related employee benefits. Approximately 50% of our consultants were employees and the remainder are subcontractors and independent contractors.

We compensated most of our consultants only for the hours that we bill to our clients for projects undertaken, which allowed us to better match our labor costs with our revenue generation. With respect to our consultant employees, we were responsible for employment-related taxes, medical and health care costs and workers' compensation. Labor costs were sensitive to shifts in the supply and demand of IT professionals, as well as increases in the costs of benefits and taxes.

After the divesture of UCA, the Company does not have any operations. In the past, our operations was that of a holding company that housed the finance and administrative functions and was responsible for financing transactions and regulatory compliance activities.

Comparison of Years Ended December 31, 2009 and 2008:

Selling, general and administrative expenses

Our selling, general and administrative expenses increased for the year ended December 31, 2009 by $45,990, or 6.3%, to $779,281. In 2009, our selling, general and administrative expenses levels decreased due to reduced level of operations after the divesture of UCA. This decrease was off set by bonus and severance payments to officers and additional professional fees incurred in connection with UCA transaction resulting in a net increase of selling, general and administrative expenses for the year.

Amortization of debt discount

Amortization of debt discount for the year ended December 31, 2009 decreased $671,438 or 88.0%, from $763,300 to $91,862. The reduction was due to the maturity of Laurus debt and by the maturity all discount was amortized. The debt was repaid at the maturity in March 2009 from the Fortify transaction, and there were no additional borrowings incurred during the year.

Debt issuance costs

We paid approximately $86,000 fees in connection with our short term borrowing during the year ended December 31, 2009, which was charged to operations. In 2008, we incurred approximately $628,000 in fees. The decrease was due to the repayment of short term borrowings from the Fortify transaction.

Interest expense

For the year ended December 31, 2009, interest expense decreased by $311,571, or 89.6%, to $36,270 from $347,841. The decrease due to the repayment of Laurus and other debt from the proceeds of the Fortify transaction in March 2009.

Discontinued Operations

On August 24, 2009, we transferred our ownership interest in UCA to Fortify. In accordance with FASB ASC 205-20-45-1 “Presentation of Financial Statements-Discontinued Operations-Other Presentation Matters” we have presented the results of UCA operations as discontinued operations in the accompanying consolidated balance sheets, statement of operations and statement of cash flows.

We recorded a gain of $770,608 from the disposal of UCA during the year ended December 31, 2009. This was based on the sale price of UCA and net assets of UCA transferred as more fully detailed in Note 3 to Consolidated Financial Statements.

In 2009, our income from discontinued operations was $346,001 compared to $1,557,582 in 2008. Our discontinued operations in 2009 were until August 24, 2009, date on which ownership in UCA was transferred to Fortify, compared to a full year of operations in 2008. In addition, decreased revenues in UCA due to non- renewal or termination of certain projects undertaken in 2008 resulted in decreased profits in 2009 compared to 2008.

Net loss

As a result of the foregoing, for the year ended December 31, 2009, net loss decreased by $1,136,858, or 123.5%, to an income of $216,566, compared to a net loss of $920,292 in the year ended December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2009, our working capital was $453,026, compared to a working capital deficiency of $6,212,328 on December 31, 2008. The increase was due to the proceeds received from the sale of UCA. During the year ended December 31, 2009, our operating activities from continuing operations used approximately $1,282,000 of cash, compared to approximately $827,000 used during the year ended December 31, 2008.

During the year ended December 31, 2009, our continuing operating losses, after adjusting for non-cash items, used approximately $572,000 of cash, and working capital items used approximately $710,000 of cash. The principal component of these working capital changes was a decrease in our accounts payable and accrued compensation. During the year ended December 31, 2008, our continuing operating losses, after adjusting for non-cash items, utilized approximately $768,000 of cash, and working capital items used approximately $59,000 of cash.

During the year ended December 31, 2008, we borrowed an aggregate of $1,110,000 from four individuals and repaid $510,000 of that prior to December 31, 2008. The borrowings included $150,000 from an officer and director and the amount was repaid prior to December 31, 2008. The aggregate amount of 2007 and 2008 short term borrowings outstanding as of December 31, 2008 is $950,000. The borrowings outstanding at December 31, 2008 are due at various dates between January and February 2009. The borrowings are unsecured and bear nominal interest.

The Company paid financing costs of $627,873 to third parties and lenders and this amount is being amortized over the term of the borrowings. During the year ended December 31, 2008, $627,873 was charged to operations as amortization of debt issuance costs. With respect to the borrowings from the officer and director, we did not pay any financing costs. The Company repaid all the amounts due at December 31, 2008 subsequent to the year end.

On March 12, 2009, we, along with our wholly owned subsidiary, UCA entered into a Convertible Note Purchase Agreement dated March 12, 2009 with Fortify Infrastructure Services, Inc. ("Fortify"). Pursuant to the Convertible Note Purchase Agreement, Fortify purchased a Secured Convertible Promissory Note (the "Note") from UCA in the principal amount of $5 million with us Company being a guarantor for UCA's borrowings.

The Note had a six-month term, and with interest at 8% per annum, compounded annually. The Note was secured by (i) all of the assets of UCA and our Company and (ii) all of the equity securities of UCA then owned or thereafter acquired by us. At the exclusive option of Fortify, Fortify may convert the entire principal amount of and accrued and unpaid interest on the Note into shares of Series A Preferred Stock of UCA. The conversion price shall be at a price equal to the price per share reflecting a valuation of UCA equal to $5 million, on an as-converted basis.

Fortify, UCA and we also entered into an Option and Purchase Agreement ("Option Agreement'). Pursuant to the Option Agreement, Fortify has an option to acquire all of the outstanding shares of common stock of UCA. Upon effectiveness of the our Definitive Schedule 14 C Information Statement to be filed with the Securities and Exchange Commission (the "SEC") in connection with certain actions taken by the written consent of holders of a majority of our outstanding common stock approving the terms of the Option Agreement, Fortify will exercise the option. Upon exercise of the Option, will be released from the guaranty obligations of the Note. Fortify will pay us $500,000 ("Fixed Payment") one year from the date the option is exercised. In addition, Fortify will pay additional amounts to us (up to a maximum of $500,000) and certain employees of UCA based on UCA's performance during the periods specified in the Option Agreement ("Performance Payment").

The holders of a majority of our outstanding common stock had previously approved the terms of the Option Agreement by a written consent as detailed in our Definitive Schedule 14 C Information Statement filed with the Securities and Exchange Commission (the "SEC") on July 9, 2009.

We used approximately $3 million from the proceeds of the Note to repay all amounts owed to Laurus Master Fund. The balance of the proceeds was be used for repayment of debt, other payables and for working capital purposes.

On August 24, 2009, we along with its wholly-owned subsidiary, UCA and Fortify entered into Amendment No. 1 ("Amendment") to the Option and Purchase Agreement ("Option Agreement") in connection with the closing of Fortify's purchase of all of the outstanding capital stock of UCA upon exercise of its option granted under the Option Agreement. Pursuant to the Amendment, among other things, the Secured Convertible Promissory Note in the principal amount of $5 million (including the related accrued interest) issued by UCA to Fortify was cancelled, releases of certain obligations of the parties were granted as specified in the Amendment, and the commencement date and measurement period for the earn-out and bonuses provided for in the Option Agreement were modified. Effective August 24, 2009, we transferred our ownership interest in UCA to Fortify.

On April 27, 2010,we entered into a Memorandum of Understanding ("MOU") with Fortify and amended the Fixed Payment and Performance Payment previously agreed by them. Pursuant to Fortify agreeing to pay the amounts on accelerated basis unconditionally, we agreed to accept $850,000 in aggregate as the full settlement of Fixed Payment and Performance payments. This amount was received by us in May 2010 and $850,000 is classified as other receivables at December 31, 2009.

After the divesture of UCA, we do not have any operations. However, we are debt free. We will explore strategic alternatives including merger with another entity. Currently, we do not have any agreement or understanding with any entity and there is no assurance that such a transaction will ever be consummated.

RISK FACTORS

We Are Subject To Various Risks That May Materially Harm Our Business, Financial Condition And Results Of Operations

You should carefully consider the risks and uncertainties described below and the other information in this filing before deciding to purchase our common stock. If any of these risks or uncertainties actually occurs, our business, financial condition or operating results could be materially harmed. In that case, the trading price of our common stock could decline and you could lose all or part of your entire investment.

WHILE ATTEMPTING TO IDENTIFY A SUITABLE CANDIDATE, WE WILL INCUR FURTHER EXPENSES THAT CURRENTLY CANNOT BE SPECIFIED.

Our Board assumes that we will be able to identify as merger candidates privately held companies with attractive business prospects that have the potential to increase stockholder value to a greater extent than our current business. At this time, the Board has not identified a definitive candidate. Following the sale of UCA, the Company no longer has any full-time employees. However, the Board of Directors will continue to serve and, along with the present Chief Executive Officer, is charged with identifying a target company to acquire. Without full-time employees, it may take a significant amount of time to identify a suitable candidate for a business combination with us. During such time, we will have further expenses such as general legal and accounting/auditing fees, none of which can be specified at this time, but will deplete our financial resources and thereby make it more difficult for the Company to identify a suitable candidate for a business combination on satisfactory terms, if at all.

WE MAY NOT BE ABLE TO ACQUIRE A COMPANY WITH ONGOING BUSINESS OPERATIONS.

Our Board believes that privately held companies will be interested in a merger with our Company that, would allow the private company to "go public," i.e., have publicly traded securities without an initial public offering. However, many private companies seeking to "go public" may prefer an initial public offering to a merger with a public shell (a public traded company with no operating business). Moreover, the Securities and Exchange Commission typically evaluates the merger of a public shell with a private company. This can be a time-consuming and cost-intensive review process for the parties involved in the merger that could discourage privately held companies from any transaction with a public shell. If, we are not able to merge with an operating company, whether a privately held company or a company subject to the reporting obligations of the Securities Exchange Act from 1934, our financial reserves will most likely not be sufficient for us to start any kind of operating business on our own. Therefore, there can be no guarantee that we will operate any business after the sale of UCA.

WE DO NOT KNOW WHICH BUSINESS WE WILL OPERATE IN THE FUTURE, IF ANY.

As described above, we do not know which business, if any, we will be operating in the future. Even if we are able to commence new business operations, there can be no guarantee that we will be successful.

LIQUIDITY RISK: THERE MAY NOT BE ADEQUATE RESOURCES TO FUND THE OPERATIONS OF THE COMPANY.

There is no assurance that the future expenses of the Company (including the expenses of maintaining the Company as a public company under SEC regulations) will not be greater than anticipated, and that, as a result, a liquidity problem may arise as we may have insufficient funds to operate any business.

OUR PRINCIPAL STOCKHOLDERS CAN CONTROL OUR BOARD OF DIRECTORS

Five of our principal stockholders, including directors and officers, own approximately 63.2% of our outstanding common stock. They can effectively elect a majority of our directors and thereby control our management.

IF WE DO NOT MAKE FUTURE FILINGS WITH THE SEC IN A TIMELY MANNER, OUR STOCKHOLDERS MAY BE NEGATIVELY AFFECTED.

As of April 1, 2008 , we have not filed any annual, quarterly or periodic reports with the SEC and received notice from the OTC that we were not in compliance with its rules, which require timely filing of periodic reports in order to maintain our continued quotation on the bulletin board. As a result, the Company's common stock is currently quoted on the Pink Sheets. Future delays in the filing of timely periodic reports may negatively affect the quotation of our common stock. As a consequence, an investor could find it more difficult to dispose of, or to obtain quotations as to the price of, our common stock, and the liquidity of the Company's common stock will be greatly reduced. In addition, the lack of regular current filings may affect the value of the share price since it may be difficult for a shareholder to evaluate properly the Company's performance and future prospects. Furthermore, the Company could be subject to enforcement action by the SEC and other actions if it does not file its periodic reports.

The SEC notified us of our non compliance and their intent to deregister us. We requested additional time to complete our audit of the fiscal year ended December 31, 2009 and to file all periodic reports. Shortly after filing this report, we anticipate filing all the required periodic reports with the SEC.

ITEM 8. FINANCIAL STATEMENTS

Reference is made to page F-1 herein for the Index to the Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On July 8, 2010, the Board of Directors of the Company appointed Arik Eshel, CPA & Assoc., PC ("Arik Eshel") as the Independent Registered Public Accounting Firm of the Company.

During the Company's two most recent fiscal years and through July 8, 2010, the Company did not consult with Arik Eshel on (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that may be rendered on the Company's financial statements, and Arik Eshel did not provide either a written report or oral advice to the Company that Arik Eshel concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue; or (ii) the subject of any disagreement, as defined in Item 304 (a)(1)(iv) of Regulation S-K and the related instructions, or a reportable event within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

On March 25, 2010, we were notified that McGladrey & Pullen, LLP ("M&P") resigned as the independent registered public accounting firm for the Company.

M&P had been the independent accountants of the Company since December 4, 2007. Their report dated May 11, 2009, on the Company's consolidated financial statements for the years ended December 31, 2008 and December 31, 2007 did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles, except for a "going concern" uncertainty. During the period from the inception of the engagement through the termination of the engagement, the Company had no disagreements with M&P on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to M&P's satisfaction, would have caused them to make reference to the subject matter of the disagreement in connection with their reports. During our two most recent fiscal years, and the subsequent interim period through the date M&P resigned, M&P did not advise the Company as to any reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Such controls and procedures, by their nature, can provide only reasonable assurance regarding management's control objectives.

The Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Principal Financial Officer, on the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e) as of December 31, 2009. However, disclosure controls were not effective because the Company did not file this report on a timely basis.

There was no change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) during the quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the chief executive officer and principal financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our evaluation of internal control over financial reporting includes using the COSO framework, an integrated framework for the evaluation of internal controls issued by the Committee of Sponsoring Organizations of the Treadway Commission, to identify the risks and control objectives related to the evaluation of our control environment.

Based on our evaluation under the frameworks described above, our management has concluded that our internal control over financial reporting was effective as of December 31, 2009.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation requirements by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table sets forth the names and positions of our executive officers and directors. Our directors serve for one year or until successors are elected and qualify. Our Board of Directors elect our officers, and their terms of office are at the discretion of the Board, except to the extent governed by an employment contract.

As of August 2, 2010, our directors and executive officers, their age, positions, the dates of their initial election or appointment as directors or executive officers, and the expiration of their terms are as follows:

Name	Age	Position	With Company Since
Fahad Syed	42	Chairman and Chief Executive Officer	May 2005
Vasan Thatham	52	Chief Financial Officer	June 2005
Charlotte G. Denenberg	62	Director	November 2004
Joseph Perno	67	Director	April 2006

Below are the biographies of each of our officers and directors as of August 2, 2010.

FAHAD SYED. Mr. Syed has been the Chairman and Chief Executive Officer of the Company since May 2006. Mr. Syed has been a Director of the Company since May 2005. Mr. Syed is an entrepreneur and co-founder of UCA Services, Inc. and has more than 14 years of experience in Global Services. Mr. Syed is an expert in the development of best practices in IT, channel and direct sales strategies and effective service delivery models. Mr. Syed was the Managing Director of UCA Services, Inc, from June 2003 to May 2005 and he is currently the Chief Executive Officer of UCA Services, Inc. Prior to that, Mr. Syed was Vice President of IT services with UCA Computer Systems, Inc., a system integrator, from December 1998 to May 2003. Previously, Mr. Syed held prominent positions in development and management of financial products at the Housing Development Finance Corporation (HDFC), a pioneer private sector housing finance institution in India. Mr. Syed holds a Masters Degree in Development Sciences from Tata Institute of Social Sciences, Mumbai, India, a Bachelors degree in Sociology from Aligarh University, India and a Diploma in Systems from National Institute of Information Technology, Mumbai, India.

VASAN THATHAM. Vasan Thatham has been Vice President and Chief Financial Officer of the Company since June 2005. Prior to joining the Company, from February 1999 through June 2005, Mr. Thatham was Vice President and Chief Financial Officer of Provo International, Inc., a company engaged in providing Internet and telecommunications services. Prior to that, Mr. Thatham held various positions with Esquire Communications, Ltd., Strings Ltd., Ernst & Young in Kuwait and KMPG Peat Marwick in India. Mr. Thatham is a chartered accountant under the laws of India.

CHARLOTTE G. DENENBERG. Ms. Denenberg has been a Director of the Company since November 2004. She received a BA in Psychology and Mathematics with Highest Distinction, Phi Beta Kappa, from Northwestern University, and an MS and a PhD in Mathematics from the Illinois Institute of Technology. For the past two years she has consulted for a variety of companies in the telecommunications industry. From 1998 to 2002, she worked for Metromedia Fiber Network Services, Inc. (MFN) as Vice President, Optical Infrastructure (December 1998 to June 2000) and as Vice President and Chief Technology Officer (July 2000 to June 2002). MFN was engaged in the design, installation and maintenance of inter-city and intra-city optical fiber networks.

JOSEPH PERNO. Mr. Perno has been a Director of the Company since April 2006. Since his retirement in March 2003, he has been a consultant to emerging technology companies. From March 1994 to March 2003, he was Senior Vice President of Technology at Chubb Corporation, a provider of property and casualty insurance to businesses and individuals worldwide. Prior to that, he was associated for 18 years with Chubb Corporation and Crum and Foster Insurance Organizations in various capacities. Mr. Perno has been a member of the LOMA Property and Casualty Systems Committee for twenty three years, serving as Chairman of that organization from 1991 to 1992. He also served on the Boards of Directors of ACORD, IVANS, the North River Insurance Company, US Fire Insurance Company, The Westchester Insurance Company and the agency systems vendor, Redshaw, Inc.

Mr. Fahad Syed and Mr. Vasan Thatham provide services for the Company on a part-time basis. In addition, Mr. Vasan Thatham provides his services on consulting basis through a company controlled by the officer.

Family Relationships

There are no family relationships among the directors or executive officers of the Company.

Involvement In Certain Legal Proceedings

None of our officers, directors, promoters or control persons have been involved in the past five years in any of the following:

(1) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, or any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Code of Ethics

On March 3, 2005, we adopted a Code of Ethics (the "Code") that applies to the Company, our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The text of the Code will be provided, without charge, upon request sent to our Secretary at 299 Cherry Hill Road , Parsippany, NJ 07054.

Audit Committee

The Audit Committee is responsible for making recommendations to the Board of Directors as to the selection and independence of our independent registered public accounting firm (the "Independent Auditor"), maintaining communication with the Independent Auditor, reviewing the annual audit report submitted by the Independent Auditor and determining the nature and extent of problems, if any, presented by such audit warranting consideration by our Board of Directors. Currently, the Company does not have an audit committee and in accordance with ss.3(a)(58)(B) of the Securities Exchange Act of 1934, the entire Board of Directors is acting as the Company's Audit Committee.

Compensation Committee

The Compensation Committee is a standing committee of the Board of Directors and is authorized to review and make recommendations to the Board of Directors on all matters regarding the remuneration of our executive officers, including the administration of our compensation plans. The Compensation Committee is intended to be comprised of at least three members. Currently, the Compensation Committee is comprised of only Ms. Charlotte G. Denenberg.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires a company's directors, officers and stockholders who beneficially own more than 10% of any class of equity securities of the Company registered pursuant to Section 12 of the Exchange Act, collectively referred to herein as the Reporting Persons, to file initial statements of beneficial ownership of securities and statements of changes in beneficial ownership of securities with respect to the company's equity securities with the SEC. All Reporting Persons are required by SEC regulation to furnish us with copies of all reports that such Reporting Persons file with the SEC pursuant to Section 16(a). Based solely on our review of the copies of such reports and upon written representations of the Reporting Persons received by us, we believe that all Section 16(a) filing requirements applicable to such Reporting Persons have been met for 2008.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth information regarding all cash and non-cash compensation earned by or paid to all of the executive officers of the Company who served during the fiscal years ended December 31, 2009 and 2008, for services in all capacities to the Company:

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards(2) ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Fahad Syed	2009	371,000							371,000
Chief Executive Officer	2008	257,000							335,000
Vasan Thatham	2009	156,939			40,062				197,001
Chief Financial Officer (1&2)	2008	150,000			80,124				230,124

(1) For 2009 includes severance and amounts paid for consulting.

(2) Value of option awards is the dollar amount recognized for financial statements reporting purposes with respect to fiscal years 2009 and 2008. See Note 8 to Consolidated Financial Statements.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Plan ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Fahad Syed (CEO)	—	—	—	—	—	—	—	—	—
Vasan Thatham (CFO)	300,000	—	—	$ 1.40	06/22/15	—	—	—	—

Compensation Of Directors

The following table sets forth information with respect to director's compensation for the fiscal year ended December 31, 2009.

DIRECTORS COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Charlotte G. Denenberg	$ 12,000		$ —				$ 12,000
Joseph Perno	$ 12,000		$ —				$ 12,000

Our non executive directors will receive an initial grant of stock options to purchase 125,000 shares of common stock with an exercise price equal to the fair market value. The options shall vest into 15,625 shares of common stock on the date of grant and thereafter into 15,625 shares every three months for as long as the board member is a member of our Board of Directors as of such date. The option shall have a term of ten years from the date of grant. Every member of the Board of Directors who is not an employee shall be entitled to a bi-annual grant of Stock Options to purchase 125,000 shares of common stock on the two year anniversary of the initial grant date and for every two year anniversary of such date thereafter for as long as the member is a member of the Board of Directors. The options shall vest into 15,625 shares of common stock on the date of grant and into 15,625 shares of common stock every three months thereafter. The options shall have a term of ten years. The exercise price shall be the fair market value on the date of grant. Independent directors are also reimbursed for out-of-pocket expenses in connection with attendance at board meetings and committee meetings. In April 2006, we granted Joseph Perno stock options to purchase 125,000 shares of our common stock. In March 2005, we granted each of our then three non executive directors, Charlotte G. Denenberg, Richard R. Howard and Madelyn M. DeMatteo, stock options to purchase 125,000 shares of common stock. Each of our non-employee directors are entitled to receive 12,000 in 2009 for attending board Meetings

2005 Stock Option Plan

In March 2005, our Board of Directors and stockholders adopted our 2005 Stock Option Plan, pursuant to which 9,000,000 shares of common stock were reserved for issuance upon exercise of options. Our stock option plan is designed to serve as an incentive for retaining qualified and competent employees, directors and consultants. Our Board of Directors or a committee of our Board of Directors administers our stock option plan and is authorized, in its discretion, to grant options under our stock option plan to all eligible employees, including our officers, directors (whether or not employees) and consultants. Our stock option plan provides for the granting of both "incentive stock options" (as defined in Section 422 of the Internal Revenue Code of 1986, as amended) and non-qualified stock options. Options can be granted under our stock option plan on such terms and at such prices as determined by the Board of Directors or its committee, except that the per share exercise price of options will not be less than the fair market value of the common stock on the date of grant. In the case of an incentive stock option granted to a stockholder who owns stock possessing more than 10% of the total combined voting power of all of our classes of stock, the per share exercise price will not be less than 110% of the fair market value on the date of grant. The aggregate fair market value (determined on the date of grant) of the shares covered by incentive stock options granted under our stock option plan that become exercisable by a grantee for the first time in any calendar year is subject to a $100,000 limit. Options granted under our stock option plan will be exercisable during the period or periods specified in each option agreement. Options granted under our stock option plan are not exercisable after the expiration of 10 years from the date of grant (five years in the case of incentive stock options granted to a stockholder owning stock possessing more than 10% of the total combined voting power of all of our classes of stock) and are not transferable other than by will or by the laws of descent and distribution.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In April 2006, we sold the 2006 Convertible Debentures in the face amount of $150,000 to Fahad Syed, an officer and director . The 2006 Convertible Debentures bear interest at 8% and were due originally on June 17, 2006. At the option of the Debenture Holders, the 2006 Convertible Debentures can be converted into shares of the Company's common stock at a conversion price of $.50 per share. In December 2006, the Debenture Holder extended the maturity of the 2006 Convertible Debentures to April 2007. In April 2007, the maturity of Convertible Debenture due to Fahad Syed was extended to December 2007 and repaid in 2008.

During the year ended December 31, 2008, we borrowed an aggregate of $150,000 from Fahad Syed, an officer and director and the amount was repaid prior to December 31, 2008. We did not pay the officer and director did not pay any financing costs or interest.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

PRINCIPAL STOCKHOLDERS

The table below sets forth information with respect to the beneficial ownership of our common stock as of August 2, 2010 for (i) persons who own more than 5% of our outstanding common stock; (ii) each of our directors or those nominated to be directors, and executive officers; and (iii) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class(1)
Fred Nazem 44 East 73rd Street New York, NY 10021	23,279,527(2)	24.0%
Faisal Syed 12 Kings Brook Court Mendham, NJ 07945	13,238,462	13.6%
Mohamed Asif 53 Burnet Hill Road Livingston, NJ 07039	13,238,462	13.6%
Fahad Syed c/o NetFabric Holdings, Inc 299 Cherry Hill Road Parsippany, NJ 07054	6,731,731	6.9%
Jeff Robinson Five Tomaselli Court Ballston Spa, NY 12020	4,832,476	5.0%
Vasan Thatham c/o NetFabric Holdings, Inc. 299 Cherry Hill Road Parsippany, NJ 07054	300,000(3)	*
Charlotte G. Denenberg c/o NetFabric Holdings, Inc. 299 Cherry Hill Road Parsippany, NJ 07054	125,000(4)	*
Joseph Perno c/o NetFabric Holdings, Inc. 299 Cherry Hill Road Parsippany, NJ 07054	125,000(4)	*
Laurus Master Fund, Ltd. c/o Laurus Capital Management, LLC 335 Madison Avenue New York, NY 10017	5,221,393(5)	5.3%
All Directors and Executive Officers as a Group (4 persons)	7,281,731(6)	7.5%

* Less than 1%.
(1) Applicable percentage of ownership is based on 97,053,044 shares of common stock outstanding as of August 2, 2010 for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting of investment power with respect to securities. Shares of common stock subject to securities exercisable or convertible into shares of common stock that are currently exercisable or exercisable within 60 days of August 2, 2010 are deemed to be beneficially owned by the person holding such options for the purpose of computing the percentage of ownership of such persons, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Includes 6,592,212 shares held by the Fred F. Nazem Children's Trust, whose trustees are Alexander Nazem, Farhad Nazem and Sohelya Gharib. Fred Nazem disclaims beneficial ownership of these securities.

(3) Includes 300,000 shares issuable upon exercise of options.

(4) Includes 125,000 shares issuable upon exercise of options.

(5) Includes 554,282 shares issuable upon exercise of warrants. Laurus Capital Management, LLC manages Laurus Master Fund Ltd. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share sole voting and investment power over the securities owned by Laurus Master Fund Ltd.

(6) Includes 550,000 shares issuable upon exercise of options.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our Board of Directors appointed McGladrey & Pullen, LLP was as the Independent Registered Public Accounting Firm effective December 4, and they audited our annual financial statements for the year ended December 31, 2008. On July 8, 2010, our Board of Directors appointed Arik Eshel, CPA & Assoc., PC (“Arik Eshel”) as the Independent Registered Public Accounting Firm of the Company and Arik Eshel audited our annual financial statements for the year ended December 31, 2009.

Audit Fees

The aggregate fees billed or to be billed for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements, review of financial statements included in our quarterly reports and other fees that are normally provided by the accounting firm in connection with statutory and regulatory filings or engagements for the fiscal years ended December 31, 2009 and 2008 were $37,000 and $96,000, respectively.

Audit Related Fees

The aggregate fees billed or to be billed for audit related services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements, other than those previously reported in this Item 14, for the fiscal years ended December 31, 2009 and 2008 were $0 and $0, respectively.

Tax Fees

The aggregate fees billed for professional services rendered by our independent registered public accounting firm for tax compliance, tax advice and tax planning for the fiscal years ended December 31, 2009 and 2008 were $0 and $0, respectively.

All Other Fees

There were no other fees billed for services by our independent registered public accounting firm for either audit related or non audit services for the fiscal years ended December 31, 2009 and 2008.

The Audit Committee considered and determined that the services performed are compatible with maintaining the independence of the independent registered public accounting firm.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

The Audit Committee is responsible for pre-approving all audit and permitted non-audit services to be performed for us by our Independent Registered Public Accounting Firm as outlined in its Audit Committee charter. Prior to engagement of the Independent Registered Public Accounting Firm for each year's audit, management or the Independent Registered Public Accounting Firm submits to the Audit Committee for approval an aggregate request of services expected to be rendered during the year, which the Audit Committee pre-approves. During the year, circumstances may arise when it may become necessary to engage the Independent Registered Public Accounting Firm for additional services not contemplated in the original pre-approval. In those circumstances, the Audit Committee requires specific pre-approval before engaging the Independent Registered Public Accounting Firm. Currently, the Company does not have an audit committee and in accordance with ss.3(a)(58)(B) of the Securities Exchange Act of 1934, the entire Board of Directors is acting as the Company's Audit Committee. The entire Board of Directors does not delegate to management its responsibility to pre-approve services performed by the Independent Registered Public Accounting Firm.

ITEM 15. EXHIBITS.

A. Exhibits

Exhibit 2.1	Share Exchange Agreement between the Company, NetFabric, NetFabric's shareholders and Littlehampton LLC, dated December 9, 2004. (1)
Exhibit 2.2	Share Exchange Agreement between the Company, UCA Services, Inc. and all of the Shareholders of UCA Services, Inc. dated 20, 2005. (4)
Exhibit 3.1	Articles of Incorporation (12)
Exhibit 3.2	By-Laws. (7)
Exhibit 10.1	Letter Agreement between Houston Operating Company, NetFabric Corporation, Macrocom Investors, LLC and Littlehampton Investments, LLC, dated March 25, 2005. (3)
Exhibit 10.2	Financing Agreement between NetFabric and Macrocom, dated July 22, 2004. (1)
Exhibit 10.3	Loan Agreement between NetFabric and Macrocom, dated October 14, 2004. (1)
Exhibit 10.4	Amendment to Financing and Loan Agreement between NetFabric and Macrocom, dated December 2, 2004. (1)
Exhibit 10.5	Distribution Agreement between NetFabric and Williams, dated November 29, 2004. (1)
Exhibit 10.6	Lease Agreement between NetFabric and Silvermine, dated January 1, 2004. (1)
Exhibit 10.7	2005 Stock Option Plan. (2)
Exhibit 10.8	Agreement with Macrocom Investors, LLC for Convertible Debentures dated July 19, 2005. (5)
Exhibit 10.9	Warrant, dated as October 27, 2005, issued by the Company to Cornell Capital Partners, LP. (6)
Exhibit 10.10	Securities Purchase Agreement, dated as of October 27, 2005, by and between the Company and Cornell Capital Partners, LP. (6)
Exhibit 10.11	Investor Registration Rights Agreement, dated as of October 27, 2005, by and between the Company and Cornell Capital Partners, LP. (6)
Exhibit 10.12	Escrow Agreement, dated as of October 27, 2005, by and among the Company, Cornell Capital Partners, LP and David Gonzalez, Esq., as escrow agent pursuant to the Securities Purchase Agreement. (6)
Exhibit 10.13	Amended and Restated Security Agreement, dated as of October 27, 2005, by and between the Company and Cornell Capital Partners, LP. (6)

Exhibit 10.14	Amended and Restated Security Agreement, dated as of October 27, 2005, by and between the Company and Cornell Capital Partners, LP. (6)
Exhibit 10.15	Amended and Restated Security Agreement, dated as of October 27, 2005, by and between UCA Services, Inc. and Cornell Capital Partners, LP. (6)
Exhibit 10.16	Officer Pledge and Escrow Agreement, dated as of October 27, 2005, by and among the Company, Cornell Capital Partners, LP and David Gonzalez, Esq., as escrow agent. (6)
Exhibit 10.17	Form of Secured Convertible Debenture issued to Cornell Capital Partners, LP dated October 27, 2005. (6)
Exhibit 10.18	Employment Agreement with Fahad Syed. (7)
Exhibit 10.19	Amendment of The Share Exchange Agreement dated February 13, 2006 by and among NetFabric, Holdings, Inc. UCA Services, Inc. and UCA Shareholders. (8)
Exhibit 10.20	Security Agreement, dated February 10, 2006, by and between the Company and Laurus Master Fund, Ltd.
Exhibit 10.21	Secured Convertible Note, dated February 10, 2006, by and between the Company and Laurus Master Fund, Ltd. (9)
Exhibit 10.22	Secured Non-Convertible Note, dated February 10, 2006, by and between the Company and Laurus Master Fund, Ltd. (9)
Exhibit 10.22	Option, dated February 10, 2006, by the Company. (9)
Exhibit 10.23	Registration Rights Agreement, dated February 10, 2006, by and between the Company and Laurus Master Fund, Ltd. (9)
Exhibit 10.24	Subsidiary Guaranty, dated February 10, 2006 from NetFabric Corporation and UCA Services, Inc. (9)
Exhibit 10.25	Letter agreement, dated February 10, 2006 between the Company and Laurus Master Fund. (9)
Exhibit 10.27	Form of Convertible Debenture dated April 19, 2006 issued by the Company. (10)
Exhibit 10.28	Form of Warrant, dated April 19, 2006 issued by the Company. (10)
Exhibit 10.29	Convertible Note Purchase Agreement, dated March 12, 2009, by and among NetFabric Technologies, Inc., d/b/a UCA Services, Inc., Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)
Exhibit 10.30	Secured Convertible Promissory. Secured Convertible Promissory Note, dated March 12, 2009, by and among NetFabric Technologies, Inc., d/b/a UCA Services, Inc., Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)
Exhibit 10.31	Credit Agreement, dated March 12, 2009, by and among NetFabric Technologies, Inc., d/b/a UCA Services, Inc., Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)
Exhibit 10.32	Security Agreement, dated March 12, 2009, by and among NetFabric Technologies, Inc., d/b/a UCA Services, Inc., Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)
Exhibit 10.33	Stock Pledge Agreement, dated March 12, 2009, by between Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)
Exhibit 10.34	Option and Purchase Agreement, dated March 12, 2009, by and among NetFabric Technologies, Inc., d/b/a UCA Services, Inc., Netfabric Holdings Inc. and Fortify Infrastructure Services, Inc. (13)

Exhibit 31.1	Rule 13a-14(a)/15d-14(a) Certification (CEO)*
Exhibit 31.2	Rule 13a-14(a)/15d-14(a) Certification (CFO)*
Exhibit 32.1	Section 1350 Certification (CEO)*
Exhibit 32.2	Section 1350 Certification (CFO)*

* Filed herewith.

(1) Filed as an Exhibit to the Company's 8-K filed on December 15, 2004.

(2) Filed with Schedule 14C Information on March 21, 2005.

(3) Filed as an Exhibit to the Company's 10K/A filed on December 19, 2005.

(4) Filed as an Exhibit to the Company's Form 8-K on May 26, 2005

(5) Filed as an Exhibit on the Company's 8-K filed on July 25, 2006.

(6) Filed as an Exhibit on the Company's SB-2 on November 2, 2005

(7) Filed as an Exhibit on the Company's 10KSB filed on April 15, 2006

(8) Filed as an Exhibit to the Company's Form 8_8K filed on February 15, 2006

(9) Filed as an Exhibit to the Company's Form 8-K filed on February 15, 2006

(10) Filed as an Exhibit to the Company's Form 8-K filed on April 19, 2006

(11) Filed as an Exhibit to the Company's Form 8-K filed on August 16, 2006

(12) Filed with Schedule 14C Information on October 24, 2006

(13) Filed an Exhibit on the Company’s 8-K dated March 13, 2009

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 10, 2010	/s/ FAHAD SYED Fahad Syed, Chairman and Chief Executive Officer (principal executive officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 10, 2010	/s/ FAHAD SYED Fahad Syed, Chairman and Chief Executive Officer (principal executive officer)
Date: August 10, 2010	/s/ VASAN THATHAM Vasan Thatham, Chief Financial Officer (principal accounting officer)
Date: August 10, 2010	/s/ JOSEPH PERNO Joseph Perno, Director
Date: August 10, 2010	/s/ CHARLOTTE G. DENENBERG Charlotte G. Denenberg, Director

ARIK ESHEL, CPA & ASSOC., PC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of

NETFABRIC HOLDINGS, INC.

We have audited the accompanying consolidated balance sheet of NetFabric Holdings, Inc. and Subsidiaries (hereafter referred to as “Holdings” or “the Company”) as of December 31, 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. 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 audit. The financial statements of the Company as of December 31, 2008, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 1, were audited by other auditors whose report, dated May 11, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We have also audited the adjustments to the 2008 consolidated financial statements to retrospectively apply the change in accounting to reflect a subsidiary’s selling of its business as discontinued operations, as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2008 financial statements of the Company other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the 2008 financial statements taken as a whole.

As described in Note 3, Holdings sold a subsidiary, and as a result does not have any operations. Management’s plans going forward are discussed in Note 1.

ARIK ESHEL, CPA & ASSOCIATES., PC
New York, New York
August 10, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
NetFabric Holdings, Inc.

We have audited, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 3, the accompanying consolidated balance sheet of NetFabric Holdings, Inc. and Subsidiaries (hereafter referred to as "NetFabric") as of December 31, 2008, and the related statements of operations, stockholders' equity, and cash flows for the year then ended (the 2008 financial statements before the effects of the adjustments discussed in Note 3 are not presented herein). 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, before the effects of the adjustments to retrospectively apply the change in accounting described in Note 3, present fairly, in all material respects, the financial position of NetFabric as of December 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review or apply any procedures to the adjustments to retrospectively apply the change in accounting described in Note 3 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Arik Eshel, CPA & Assoc., PC.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had net losses from inception and has a working capital deficiency. These matters raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As disclosed in the notes to the financial statements, subsequent to December 31, 2008 the Company was involved in a financing transaction.

McGLADREY & PULLEN, LLP
New York, New York

May 11, 2009

NETFABRIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 2009	DECEMBER 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash	$ 55,509	$ 74
Other receivable	850,000	—
Trade accounts receivable, net	—	18,584
Current assets of discontinued operations	—	4,478,242
Total current assets	905,509	4,496,900
Property and equipment, net	—	17,346
Non current assets of discontinued operations	—	6,298,476
TOTAL ASSETS	$ 905,509	$ 10,812,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short term borrowings	$ —	$ 950,000
Accounts payable and accrued liabilities	452,483	982,502
Accrued compensation	—	198,000
Current liabilities of discontinued operations	—	5,751,325
Convertible note, net of unamortized discount	—	1,443,144
Revolving note, net of unamortized discount	—	1,384,257
Total current liabilities	452,483	10,709,228
Total liabilities	452,483	10,709,228
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY :		
Common Stock, $.001 par value, authorized shares 200,000,000, 97,053,044 shares issued and outstanding	97,053	97,053
Additional paid-in capital	38,243,128	38,110,162
Accumulated deficit	(37,887,155)	(38,103,721)
Total stockholders' equity	453,026	103,494
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 905,509	$ 10,812,722

See accompanying notes to consolidated financial statements.

NETFABRIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenues	$ —	$ —
OPERATING EXPENSES:		
Selling, general and administrative expenses (includes share based compensation of $132,966 and $268,222)	779,281	733,291
Depreciation and amortization	—	5,569
Total operating expenses	779,281	738,860
Loss from operations	(779,281)	(738,860)
OTHER INCOME / (EXPENSE):		
Amortization of debt discounts	(91,862)	(763,300)
Amortization of debt issuance costs	(85,630)	(627,873)
Other income	213,000	—
Interest and bank charges	(36,270)	(347,841)
Total other income / (expense)	(762)	(1,739,014)
Loss before provision for income taxes	(780,043)	(2,477,874)
Provision for income taxes	120,000	—
LOSS FROM CONTINUING OPERATIONS	(900,043)	(2,477,874)
DISCONTINUED OPERATIONS:		
Gain on disposal of discontinued operations	770,608	—
Income from discontinued operations	346,001	1,557,582
	1,116,609	1,557,582
NET INCOME (LOSS)	$ 216,566	$ (920,292)
Net loss from continuing operations per common share, basic and diluted	$ (0.01)	$ (0.03)
Net income from discontinued operations per common share, basic and diluted	$ 0.01	$ 0.02
Net loss per common share, basic and diluted	$ 0.00	$ (0.01)
Weighted average number of shares outstanding, basic and diluted	97,053,044	96,837,197

See accompanying notes to consolidated financial statements.

NETFABRIC HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	COMMON STOCK				
	SHARES	PAR VALUE	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
Balances at December 31, 2007	96,053,044	$ 96,053	$ 37,802,940	$ (37,183,429)	$ 715,564
Issuance of common shares for finance charges	1,000,000	1,000	39,000	—	40,000
Employee share-based compensation	—	—	268,222	—	268,222
Net loss	—	—	—	(920,292)	(920,292)
Balances at December 31, 2008	97,053,044	$ 97,053	$ 38,110,162	$ (38,103,721)	$ 103,494
Employee share-based compensation	—	—	132,966	—	132,966
Net income	—	—	—	216,566	216,566
Balances at December 31, 2009	97,053,044	$ 97,053	$ 38,243,128	$ (37,887,155)	$ 453,026

See accompanying notes to consolidated financial statements.

NETFABRIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

OPERATING ACTIVITIES	**Year ended December 31, 2009**	**Year ended December 31, 2008**
Net income (loss)	$ 216,566	$ (920,292)
Income from discontinued operations	(1,116,609)	(1,557,582)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Share based compensation	132,966	268,222
Non-cash financing fees	—	40,000
Amortization of debt discounts	91,862	763,300
Amortization of debt issuance costs	85,630	627,873
Depreciation and amortization	—	5,569
Loss on disposal of property and equipment	17,346	5,287
Changes in operating assets and liabilities:		
Trade accounts receivable	18,584	4,519
Prepaid expenses and other current assets	—	26,848
Accounts payable and accrued liabilities	(530,019)	(108,015)
Accrued compensation	(198,000)	16,885
Net cash used by continuing operations	(1,281,674)	(827,386)
Net cash provided by discontinued operations	292,002	1,482,530
Net cash provided by (used in) operating activities	(989,672)	655,144
INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	—	5,981
Net provided in investing activities by continuing operations	0	5,981
Net cash used by discontinued operations	—	(20,762)
Net cash used in investing activities	0	(14,781)
FINANCING ACTIVITIES		
Proceeds from issuance of Secured Convertible Promissory Note	5,000,000	—
Repayment of debentures	—	(150,000)
Short term borrowings	—	1,110,000
Repayment of short term borrowings	(950,000)	(1,130,000)
Repayment of convertible debenture	(1,500,000)	—
Proceeds from issuance (repayment) of revolving note, net	(1,419,263)	142,314
Debt issuance costs	(85,630)	(627,873)
Net cash (used in) provided by financing activities	1,045,107	(655,559)
Net increase (decrease) in cash	55,435	(15,196)
Cash at beginning of period	74	15,270
Cash at end of period	$ 55,509	$ 74
Supplemental cash flow information:		
Cash paid for interest		
Continuing operations	$ 57,000	$ 322,000
Discontinued operations	$ 13,000	$ 25,000
Supplemental non-cash financing information		
Conversion of Secured Convertible Promissory Note to shares of UCA Services, Inc.	$ 5,000,000	

See accompanying notes to consolidated financial statements.

NetFabric Holdings Inc. and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 1. NATURE OF BUSINESS AND MANAGEMENT'S PLANS

NetFabric Holdings, Inc. ("Holdings" or the "Company") was incorporated under the laws of the State of Delaware on August 31, 1989. As of December 31, 2009, the Company has one wholly-owned subsidiary, NetFabric Corporation (“NetFabric”) which is not active. At December 31, 2008, the Company had another active subsidiary UCA Services, Inc (“UCA”), which was sold in 2009.

On May 20, 2005 Holdings acquired UCA, a New Jersey company, is an information technology ("IT") services company that serves the information and communications needs of a wide range of Fortune 500 and small to mid-size business clients in the financial markets industry as well as the pharmaceutical, health care and hospitality sectors. UCA delivers a broad range of IT services in the practice areas of infrastructure builds and maintenance, managed services and professional services.

Effective August 24, 2009, pursuant to a Memorandum of Understanding, the Company sold UCA to Fortify Infrastructure Services, Inc. (“Fortify”) for $5,850,000 consisting of $5,000,000 in cash, resulting from the cancellation of a $5,000,000 note previously issued to Fortify by UCA on March 12, 2009, and a receivable of $850,000, which was paid in May 2010, and is reflected as a receivable on the 2009 balance sheet. The Memorandum of Understanding referred to above was signed on April 27, 2010 and amended the terms of previous agreements dated March 12, 2009 and August 24, 2009 between UCA and Fortify.

The operations of UCA are reflected in the financial statements as discontinued operations. The 2008 financial statements have been retrospectively adjusted to reflect the operations of UCA as discontinued operations. Previously they were reflected in the 2008 financial statements as part of continuing operations (Note 3).

Management's plans

As discussed above, the Company sold UCA to Fortify for $5,850,000. Out of proceeds from the transaction, the Company repaid all of its debt. After the sale, the Company does not have any operations. However, the Company is debt free. The Company intends to explore strategic alternatives including merger with another entity. Currently, the Company does not have any agreement or understanding with any entity and there is no assurance that such a transaction will ever be consummated. The Company believes that it will be able to meet its cash requirements throughout fiscal 2010 and continue its business development efforts.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Basis of Presentation of Consolidated Financial Statements and Estimates

The consolidated financial statements include the accounts of Holdings and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The accounting estimates that require management's most difficult and subjective judgments include provisions for bad debts, depreciable/amortizable lives, impairment of goodwill and other long-lived assets, the fair value of common stock and options issued for services as well as the allocation of proceeds from the bridge loan and financial instruments and other reserves. Because of the uncertainty inherent in such estimates, actual results may differ from these estimates.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

Revenue Recognition

In accordance with the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 104, "Revenue Recognition," revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product or services has occurred, the fee is fixed and determinable, collectability is reasonably assured, contractual obligations have been satisfied, and title and risk of loss have been transferred to the customer.

The Company derives revenue primarily from professional services, managed IT services, application development services and from business process management services. Arrangements with customers for services are generally on a time and material basis or fixed-price, fixed time frame. Revenue on time-and-material contracts is recognized as the related services are performed. Revenue from fixed-price, fixed time frame service contracts is recognized ratably over the term of the contract. When the Company receives cash advances from customers in advance of the service period, amounts are reported as advances from customers until the commencement of the service period.

Billings and collections in excess of revenue recognized are classified as deferred revenue.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. These estimated losses are based upon historical bad debts, specific customer creditworthiness and current economic trends. If the financial condition of a customer deteriorates, resulting in the customer's inability to make payments within approved credit terms, additional allowances may be required. The Company performs credit evaluations of its customers' financial condition on a regular basis, and has not experienced any material bad debt losses to date.

Cash and Cash Equivalents

The Company considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment, consisting principally of computer equipment and furniture and fixtures, are recorded at cost. Depreciation and amortization are provided for on a straight line basis over the following useful lives:

Equipment	3 years
Furniture and fixtures	7 years

Repairs and maintenance are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reported in the period realized.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

Long-Lived Assets

Long-lived assets, including property and equipment and intangible assets with finite lives are monitored and reviewed for impairment in value whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset and its eventual disposition. The estimated cash flows are based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. Estimates of undiscounted cash flows may differ from actual cash flows due to factors such as technological changes, economic conditions, and changes in the Company's business model or operating performance. If the sum of the undiscounted cash flows (excluding interest) is below the carrying value, an impairment loss is recognized, measured as the amount by which the carrying value exceeds the fair value of the asset.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company reduces credit risk by placing its cash and cash equivalents with major financial institutions with high credit ratings. At times, such amounts may exceed Federally insured limits.

Goodwill

Goodwill represents the Company's allocation of the cost to acquire UCA in excess of the fair value of net assets acquired. The purchase price and its allocation, to reflect the fair values of assets acquired and liabilities assumed, have been based upon management's evaluation using accepted valuation methodologies.

Under ASC 350 “Intangibles Goodwill and Other” (“ASC 350”), goodwill is not amortized but is reviewed for impairment annually. The Company performs its annual goodwill impairment testing, by reporting units, in the second quarter of each year, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Application of the goodwill impairment test requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for UCA, period over which cash flows will occur, and determination of UCA cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or conclusions on goodwill impairment for UCA.

Intangibles

Intangible assets are accounted for under the provisions of ASC 350. Intangible assets arise from business combinations and consist of customer relationships and restricted covenants related to employment agreements that are amortized, on a straight-line basis, over periods of up to six years. The Company follows the impairment provisions and disclosure requirements of ASC 350. Accordingly intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Amortization expense for the years ended December 31, 2009 and 2008 was $128,159 and $203,123, respectively.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

Fair Value of Financial Instruments

The fair values of the Company's assets and liabilities that qualify as financial instruments under statement of financial accounting standards Accounting Standards Codification sub topic 820-10, Fair Value Measurements and Disclosures (“ASC 820-10”) approximate their carrying or principal amounts presented in the balance sheets at December 31, 2009 and 2008.

The Company has issued financial instruments which have required a determination of the fair value of certain related derivatives, where quoted market prices were not published or readily available at the date of issuance. The Company bases its fair value determinations on an evaluation of the facts and circumstances and valuation techniques that require judgments and estimates.

Share-Based Compensation Expense

The Company accounts for stock-based compensation under the provisions of ASC 718-10 “Stock Compensation” and ASC 505-50 “Equity Based Payments to Non-Employees.” This statement requires the Company to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period in which the employee is required to provide service in exchange for the award, which is usually the vesting period.

Income Taxes

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized. The ultimate realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The Company accounts for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

Earnings (Loss) Per Share

The Company computes basic earnings (loss) per share by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period plus the effects of any dilutive securities.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

Earnings (loss) per share is based on the weighted average number of common shares outstanding during each period. For the years ended December 31,

	2009	2008
Net income (loss) per share basic and diluted:		
Net income (loss)	$ 216,566	$ (920,292)
Weighted average shares	97,053,044	96,837,197
Net income (loss) per share	$ -	$ (0.01)

Diluted loss per share for the years ended December 31, 2009 and 2008 exclude potentially issuable common shares of approximately 7,281,867 and 10,855,219 , respectively, primarily related to the Company's outstanding stock options, warrants and convertible debt, because the assumed issuance of such potential common shares is antidilutive.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) issued the FASB Accounting Standards Codification (ASC), which was effective for the Company in the third quarter ended September 30, 2009. The Codification became the single authoritative source for U.S. generally accepted accounting principles (GAAP). Accordingly, previous references to U.S. GAAP accounting standards are no longer used by the Company in its disclosures including these Notes to the condensed consolidated financial statements. The ASC does not change U.S. GAAP and does not affect the Company’s consolidated financial position, cash flows, or results of operations.

In December 2007, the FASB issued updated guidance on business combinations, incorporated into ASC 805, which includes the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer’s income tax valuation allowance. Adoption of this guidance on January 1, 2009 did not have a material impact on the Company’s financial position or results of operations. The adoption of this guidance will have an impact on the Company’s accounting for business combinations occurring on or after the adoption date, but the effect will be dependent on the acquisitions at that time.

In December 2007, the FASB issued updated guidance on non-controlling interest in consolidated financial statements, incorporated into ASC 810-10-65-1, which includes the requirements to classify noncontrolling interests as a component of consolidated stockholders’ equity, and the elimination of “minority interest” accounting in results of operations with earnings attributable to noncontrolling interests reported as part of consolidated earnings. Additionally, this guidance revises the accounting for both increases and decreases in a parent’s controlling ownership interest. Adoption of this guidance on January 1, 2009 did not have a material impact on the Company’s financial position or results of operations.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

In April 2008, the FASB issued updated guidance on recognition and presentation of other-than-temporary impairments, incorporated into ASC 350-30-65-1, which requires companies estimating the useful life of a recognized intangible asset to consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, to consider assumptions that market participants would use about renewal or extension as adjusted for entity-specific factors. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2009. Adoption of this statement is not expected to have a material impact on the Company's consolidated financial statements when it becomes effective.

In May 2009, the FASB issued updated guidance on subsequent events, incorporated into ASC 855, which does not require significant changes regarding recognition or disclosure of subsequent events, but does require disclosure of the date through which subsequent events have been evaluated for disclosure and recognition. This guidance is effective for financial statements issued after June 15, 2009. On February 24, 2010, the FASB issued Accounting Standards Update (ASU) 2010-09 to amend ASC 855. As a result of the ASU, SEC registrants will not disclose the date through which management evaluated subsequent events in the financial statements. The implementation of this standard did not have a significant impact on the financial statements of the Company. Subsequent events through the date these financial statements were available for filing this Annual Report on Form10-K have been evaluated for disclosure and recognition.

In October 2009, the FASB issued ASU 2009-13, Multiple-Deliverable Revenue Arrangements – a consensus of the FASB Emerging Issues Task Force to amend certain guidance in ASC 605-25, "Revenue Recognition, 25 Multiple-Element Arrangements." The amended guidance in ASC 605-25 (1) modifies the separation criteria by eliminating the criterion that requires objective and reliable evidence of fair value for the undelivered item(s), and (2) eliminates the use of the residual method of allocation and instead requires that arrangement consideration be allocated, at the inception of the arrangement, to all deliverables based on their relative selling price.

In October 2009, the FASB also issued ASU 2009-14, Certain Revenue Arrangements That Include Software Elements – a consensus of the FASB Emerging Issues Task Force, to amend the scope of arrangements under ASC 985-605, Software, 605, "Revenue Recognition" to exclude tangible products containing software components and non-software components that function together to deliver a product's essential functionality.

The amended guidance in ASC 605-25 and ASC 985-605 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early application and retrospective application permitted. Adoption of these statements is not expected to have a material impact on the Company's consolidated financial statements when it becomes effective.

In January 2010, the FASB issued ASU 2010-6, " Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements" that amends ASC 820, " Fair Value Measurements and Disclosures" . ASU 2010-6 requires separate disclosure of significant transfers between Level 1 and Level 2 fair value measurement inputs and a description of the reasons for the transfers. Entity is also required to present separately information about purchases, issuance, and settlements in the reconciliation for fair value measurements using Level 3 inputs. ASU 2010-6 amends existing disclosure requirements in regards of level of disaggregation and inputs and valuation techniques. ASU 2010-6 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about activity in Level 3 fair value measurements that are effective for interim and annual periods beginning after December 15, 2010.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUATION):

Adoption of this statement is not expected to have a material impact on the Company's consolidated financial statements when it becomes effective.

NOTE 3. DISCONTINUED OPERATIONS

On March 12, 2009, the Company", along with its wholly owned subsidiary, UCA entered into a Convertible Note Purchase Agreement dated March 12, 2009 with Fortify Infrastructure Services, Inc. ("Fortify). Pursuant to the Convertible Note Purchase Agreement, Fortify purchased a Secured Convertible Promissory Note (the "Note") from UCA in the principal amount of $5 million with the Company being a guarantor for UCA's borrowings.

The Note had a six-month term with interest at 8% per annum, compounded annually. The Note was secured by (i) all of the assets of UCA and the Company and (ii) all of the equity securities of UCA then owned or thereafter acquired by the Company. At the exclusive option of Fortify, Fortify may convert the entire principal amount of and accrued and unpaid interest on the Note into shares of Series A Preferred Stock of UCA. The conversion price shall be at a price equal to the price per share reflecting a valuation of UCA equal to $5 million, on an as-converted basis.

Fortify, UCA and the Company also entered into an Option and Purchase Agreement ("Option Agreement'). Pursuant to the Option Agreement, Fortify has an option to acquire all of the outstanding shares of common stock of UCA. Upon effectiveness of the Company's Definitive Schedule 14 C Information Statement to be filed with the Securities and Exchange Commission (the "SEC") in connection with certain actions taken by the written consent of holders of a majority of the Company's outstanding common stock approving the terms of the Option Agreement, Fortify will exercise the option. Upon exercise of the Option, the Company will be released from the guaranty obligations of the Note. Fortify will pay the Company $500,000 ("Fixed Payment") one year from the date the option is exercised. In addition, Fortify will pay additional amounts to the Company (up to a maximum of $500,000) and certain employees of UCA based on UCA's performance during the periods specified in the Option Agreement ("Performance Payment").

The holders of a majority of the Company's outstanding common stock had previously approved the terms of the Option Agreement by a written consent as detailed in the Company's Definitive Schedule 14 C Information Statement filed with the Securities and Exchange Commission (the "SEC") on July 9, 2009.

The Company used approximately $3 million from the proceeds of the Note to repay all amounts owed to Laurus Master Fund. The balance of the proceeds was be used for repayment of debt, other payables and for working capital purposes.

On August 24, 2009, the Company along with its wholly-owned subsidiary, UCA and Fortify entered into Amendment No. 1 ("Amendment") to the Option and Purchase Agreement ("Option Agreement") in connection with the closing of Fortify's purchase of all of the outstanding capital stock of UCA upon exercise of its option granted under the Option Agreement. Pursuant to the Amendment, among other things, the Secured Convertible Promissory Note in the principal amount of $5 million (including the related accrued interest) issued by UCA to Fortify was cancelled, releases of certain obligations of the parties were granted as specified in the Amendment, and the commencement date and measurement period for the earn-out and bonuses provided for in the Option Agreement were modified. Effective August 24, 2009, the Company transferred its ownership interest in UCA to Fortify.

NOTE 3. DISCONTINUED OPERATIONS (CONTINUATION):

On April 27, 2010, the Company entered into a Memorandum of Understanding ("MOU") with Fortify and amended the Fixed Payment and Performance Payment previously agreed by them. Pursuant to Fortify agreeing to pay the amounts on accelerated basis unconditionally, the Company agreed to accept $850,000 in aggregate as the full settlement of Fixed Payment and Performance payments. This amount was received by the Company in May 2010 and $850,000 is classified as other receivables at December 31, 2009.

In accordance with FASB ASC 205-20-45-1 "Presentation of Financial Statements-Discontinued Operations-Other Presentation Matters" the Company has presented the results of UCA operations as discontinued operations in the accompanying consolidated balance sheets, statement of operations and statement of cash flows.

The following table presents information regarding the calculation of gain from the sale of UCA

Sale price from cancellation of Secured Convertible Promissory by Fortify	$ 5,000,000
Sale price from Fixed Payment and Variable Payment received by the Company in May 2010	850,000
Total Sale Price	5,850,000
UCA Assets	8,068,390
UCA Liabilities	(2,988,998)
Total basis	5,079,392
Gain on Sale	$ 770,608

The carrying amounts of the major classes of assets and liabilities aggregated in discontinued operations in the consolidated balance sheet as of December 31, 2008 were as follows:

Assets and liabilities of discontinued operations:

Cash	$ 1,317,436
Trade Receivable, net	3,008,934
Prepaid expenses and other current assets	151,872
Current assets of discontinued operations	$ 4,478,242
Property and equipment, net	114,991
Goodwill	5,704,000
Other intangibles, net	456,564
Other assets	22,921
Non current assets of discontinued operations	$ 6,298,476
Accounts payable and accrued expenses	$ 3,714,572
Accrued compensation	414,526
Deferred revenues and customer advances	1,622,227
Non current liabilities of discontinued operations	$ 5,751,325

Revenues and expenses of discontinued operations for the years ended December 31, were as follows:

	2009	**2008**
Revenues	$ 11,482,220	$ 24,225,342
Direct employee compensation and consultant expenses	8,709,186	19,036,780
Selling, general and administrative expenses	2,253,452	3,324,314
Depreciation and amortization	160,323	281,853
Interest expenses	13,258	24,813
Income from discontinued operations	$ 346,001	$ 1,557,582

In 2009, discontinued operations were until August 24, 2009 date on which ownership in UCA was transferred to Fortify. The Company did not allocate interest on its borrowings to discontinued operations and the interest expenses of discontinued operations represent interest expenses incurred by UCA directly.

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of December 31, 2008:

Equipment	$ 28,263
Furniture and fixtures	5,631
	33,894
Less: Accumulated depreciation and amortization	(16,548)
Net Value	$ 17,346

Depreciation and amortization expense was $0 and $5,569 for the years ended December 31, 2009 and 2008, respectively.

During 2009, the Company shut down its operations in India and dissolved its subsidiary there. The investment in the subsidiary and related accounts including property and equipment were written off and the resulting nominal expense was charged to operations.

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at December 31:

	2009	2008
Accounts payable and other accrued expenses	$ 147,483	$ 619,975
Accrued professional fees	135,000	175,000
Accrued interest and fees payable	50,000	187,527
Accrued taxes	120,000	—
	$ 452,483	$ 982,502

At December 31, 2008, accounts payable and accrued liabilities of $3,714,572 are included in discontinued operations (See Note 3).

NOTE 6. DEBT FINANCINGS

Debt financings consist of the following as of December 31, 2008:

	Principal	Unamortized debt discount	Net
Laurus Revolving Note Due in March 2009	$ 1,419,263	$ (35,006)	$ 1,384,257
Laurus Convertible Note Due in March 2009	1,500,000	(56,856)	1,443,144
Short term borrowings	950,000	—	950,000
	$ 3,869,263	$ (91,862)	$ 3,777,401

NOTE 6. DEBT FINANCINGS (CONTINUATION):

Laurus Convertible and Non Convertible Financings

On February 14, 2006, the Company entered into a Security Agreement, dated February 10, 2006 with Laurus Master Fund, Ltd ("Laurus"). Under the Security Agreement, Laurus purchased from the Company a Secured Convertible Note from the Company with a maturity date of February 10, 2009 (the "Laurus Convertible Note") in the aggregate principal amount of $1,500,000 and a Secured Non-Convertible Revolving Note ("Laurus Revolving Note"), in the aggregate principal amount of $1,500,000. The Laurus Convertible Note and the Laurus Revolving Note are collectively the "Laurus Notes". In 2009, the maturity date was extended to March 31, 2009 and the Company repaid Laurus all amounts due to them and the agreements were mutually terminated. The Company's ability to receive financing under the Laurus Notes was based on an advance rate equal to 90% of eligible accounts receivable, as defined. Laurus had agreed to provide the Company an over advance until July 30, 2007 and the over advance feature was extended in 2007 till the maturity of the facility.

In connection with the Laurus Notes, the Company issued to Laurus an option (the "Laurus Option") to purchase up to 4,256,550 shares of the Company's common stock at an exercise price of $0.001 per share (see Note 7). The Company's obligations under the Laurus Notes were secured by first liens on all assets of the Company.

The Company allocated the $1,500,000 of proceeds from the Laurus Convertible Note based on the computed relative fair values of the debt and stock instruments issued. The Laurus Options were valued using a Black-Scholes option-pricing model. The aggregate amounts allocated to the Laurus Options and beneficial conversion feature, of $1,430,500 were recorded as a debt discount at the date of issuance of the Laurus Convertible Notes and are being amortized to interest expense using the interest method over their three-year term. For the years ended December 31, 2009 and 2008, $56,856 and $502,912, respectively, of debt discount was accreted and recorded as amortization of debt discounts.

The Company allocated the $1,028,000 of proceeds from the Laurus Revolving Note based on the computed relative fair values of the debt and Laurus Options. The Laurus Options were valued using a Black-Scholes option-pricing model. The aggregate amount allocated to the options of $513,820 was recorded as a debt discount at the date of issuance of the Laurus Notes and are being amortized to interest expense using the interest method three-year term. For the years ended December 31, 2009 and 2008, $35,006 and $260,388, respectively, of debt discount was accreted and recorded as amortization of debt discounts.

Transaction fees of $139,000 paid to Laurus and its affiliates in connection with the Laurus Notes were netted against the proceeds and considered in the calculation of the beneficial conversion feature and accreted over the term of notes. Financing costs of $20,696 paid to third parties associated with the Laurus Notes are included as debt issuance costs in other assets and amortized over the term of the debt.

In October 2007, the Company and Laurus entered into an extension agreement (the “Extension Agreement’). The Extension Agreement provided for the extension of the over advance feature until March 2009 on a reducing scale.

In 2008, the Company and Laurus entered into two waiver/ amendment agreements, pursuant to which Laurus waived the Company’s non compliance of certain terms of the Security Agreement including the Company’s decision to stop periodic filing reports with the Securities and Exchange Commission. In exchange for the waivers the Company issued Laurus 1,000,000 shares of its common stock. In addition, the Company agreed to pay Laurus additional interest of 3.5% on the outstanding loan balance from June 1, 2008. The additional interest was payable to Laurus upon maturity of the credit facility in March 2009.

NOTE 6. DEBT FINANCINGS (CONTINUATION):

Short Term Borrowings

During the year ended December 31, 2007, the Company borrowed an aggregate of $1,170,000 from five individuals, including $50,000 from an officer and director and repaid $200,000 of that prior to December 31, 2007. The amount outstanding as of December 31, 2007 was $970,000 and was due at various dates between January and February 2008. In January and February 2008, the Company repaid an aggregate amount of $620,000.

During the year ended December 31, 2008 the Company borrowed an aggregate of $1,110,000 from four individuals and repaid $510,000 of that prior to December 31, 2008. The borrowings included $150,000 from an officer and director and the amount was repaid prior to December 31, 2008. The aggregate amount of 2007 and 2008 short term borrowings outstanding as of December 31, 2008 was $950,000. The borrowings outstanding at December 31, 2008 were due at various dates between January and February 2009. The borrowings are unsecured and bear nominal interest. The Company paid financing costs of $627,873 to third parties and lenders and this amount is being amortized over the term of the borrowings. During the years ended December 31, 2009 and 2008, $85,630 and $627,873 was charged to operations as amortization of debt issuance costs. With respect to the borrowings from the officer and director the Company did not pay any financing costs. The Company repaid all the amounts due at December 31, 2008 subsequent to the year end.

NOTE 7. STOCKHOLDERS' EQUITY

Warrants

Outstanding warrant securities consist of the following at December 31, 2009:

			Exercise Price	Expiration
Laurus Warrants – Note 1	554,282	$	0.001	None
2007 Short Term Financing – Note 2	890,000	$	0.01	April 2010
Others – Note 3	312,500	$	0.82	June 2011
	1,756,782			

Outstanding warrant securities consist of the following at December 31, 2008:

			Exercise Price	Expiration
Laurus Warrants	554,282	$	0.001	None
2006 Private Placement	1,350,000	$	0.01	April to November 2009
2007 Short Term Financing	890,000	$	0.01	April 2010
Others	312,500	$	0.82	June 2011
	3,106,782			

NOTE 7. STOCKHOLDERS' EQUITY (CONTINUATION):

Notes:

(1) Warrants for 4,256,550 shares of common stock were issued to Laurus in 2006 in connection with the convertible and revolving notes described in Note 6. In July and August 2007, 3,702,268 of the warrants were exercised.

(2) In connection with borrowings in 2007, warrants were issued for 890,000 shares of common stock at an exercise price of $.01 per share. 500,000 of the warrants expired in April 2010 and 390,000 will expire in October and November 2010.

(3) Warrants for 312,500 shares of common stock, with an exercise price of $.82 per share, were issued in 2006 to consultants for investment banking services. The warrants expire in June 2011.

NOTE 8. STOCK-BASED COMPENSATION

On March 3, 2005, the Board of Directors adopted the 2005 Stock Option and Grant Plan (the "Plan") pursuant to which 9,000,000 shares of common stock were reserved for issuance upon exercise of options. The purpose of the Plan is to encourage and enable the employees, directors and consultants of the Company upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. The Plan became effective on April 19, 2005.

From time to time, the Company issues stock-based compensation to its officers, directors, employees and consultants. The maximum term of options granted is generally 10 years and generally options vest over a period of one to four years. However, the Board of Directors of the Company may approve other vesting schedules. The Company has issued options to employees and non-employees under stock option agreements. Options may be exercised in whole or in part.

The exercise price of stock options granted is generally the fair market value of the Company's common stock as determined by the Board of Directors on the date of grant, considering factors such as the sale of stock, results of operations, and consideration of the fair value of comparable private companies in the industry.

The fair value of each stock option award is estimated using a Black-Scholes option pricing model based on certain assumptions. The assumption for expected term is based on evaluations of expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected term at the grant date. The historical volatility of comparable companies' stock is used as the basis for the volatility assumption. The Company has never paid cash dividends, and does not currently intend to pay cash dividends, and thus assumed a 0% dividend yield. The Company did not grant any stock options during the years ended December 31, 2009 and 2008.

NOTE 8. STOCK-BASED COMPENSATION (CONTINUATION):

The following is a summary of the Company's stock option activity for the years ended December 31, 2009 and 2008:

	Options	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding, December 31, 2007	6,225,085	$ 0.41	$ 0.29
Options granted	—	—	—
Options exercised	—	—	—
Options cancelled	(175,000)	0.35	0.22
Outstanding, December 31, 2008	6,050,085	0.41	0.28
Options granted	—	—	—
Options exercised	—	—	—
Options cancelled	(525,000)	0.35	0.18
Outstanding, December 31, 2009	5,525,085	$ 0.42	$ 0.29
Exercisable, December 31,2009	5,525,085	$ 0.42	$ 0.29
Exercisable, December 31,2008	5,067,793	$ 0.41	$ 0.27

The following table summarizes information about stock options outstanding and exercisable at December 31, 2009:

	Outstanding			Exercisable		
Range of exercise price	Average number of options	Weighted exercise price	Remaining contractual life	Average number of options	Weighted exercise price	Remaining contractual life
$0.15 to $0.34	2,575,085	$ 0.15	4.1	2,575,085	$ 0.15	4.1
$0.35 to $0.50	2,150,000	$ 0.35	6.6	2,150,000	$ 0.35	6.6
$0.51 and above	800,000	$ 1.49	5.4	800,000	$ 1.49	5.4
	5,525,085	$ 0.42	5.3	5,525,085	$ 0.42	5.3

NOTE 8. STOCK-BASED COMPENSATION (CONTINUATION):

Nonvested share activity under the Plans was as follows:

	Options	Average grant date fair value
Nonvested at December 31, 2008	982,292	$ 0.30
Granted	—	—
Vested	(457,292)	$ 0.43
Cancelled	(525,000)	$ 0.18
Nonvested at December 31, 2009	0	

As of December 31, 2009 options outstanding and vested did not have any intrinsic value.

NOTE 9. RELATED PARTY TRANSACTIONS

During 2008, the Company borrowed $150,000 from an officer director of the Company and repaid the amount prior to December 31, 2008. The borrowings were interest free. During the year ended December 31, 2008, the Company also repaid $150,000 due to an officer and director of the Company who had purchased from the Company a convertible debenture in 2006.

NOTE 10. OTHER INCOME

During the year ended December 31, 2009, the Company entered into legal settlements with certain vendors applicable to old accounts payable, and evaluated estimates of certain accruals, made in prior years. Based on the settlements and evaluation, the Company wrote off approximately $213,000 of old accounts payable and accruals, which was recorded as other income.

NOTE 11. INCOME TAXES

The Company has not been audited by the Internal Revenue Service ("IRS") or any states in connection with income taxes. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The periods from 2006-2009 remain open to examination by the IRS and state jurisdictions. The Company believes it is not subject to any tax risk beyond the preceding discussion. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company does not have any accrued interest or a penalty associated with any recognized tax benefits, nor was any significant interest expense recognized during the years ended December 31, 2009 and 2008.

The provision for federal and state income taxes for the years ended December 31 is as follows:

	2009	2008
Current	$ 120,000	$ —
Deferred	—	—
Total Provision for Income Taxes	$ 120,000	$ —

NetFabric Holdings Inc. and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 11. INCOME TAXES (CONTINUATION):

A reconciliation of the U.S. Federal statutory income tax rate to the Company's effective tax was as follows:

	2009	2008
U.S. Federal statutory income tax rate (benefit)	34.00%	(34.00)%
Permanent differences	562.5	49.90
Effect of valuation allowance	(537.0)	(15.90)
Rate adjustment for alternate minimum tax	(23.80)	—
Effective tax rate	35.70%	0.00%

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.
Significant components of the Company's deferred tax assets are as follows:

	December 31, 2009	December 31, 2008
Deferred tax assets:		
Net operating loss carry forwards	$ 868,000	$ 2,735,000
Other Reserves and allowances	27,000	104,000
Total deferred tax asset before valuation allowance	895,000	2,839,000
Valuation allowance	(895,000)	(2,839,000)
Net deferred tax asset	$ —	$ —

The Company had net operating loss carryforwards of approximately $2,552,000 at December 31, 2009, which expire through 2028. The tax benefit of these losses has been completely offset by a valuation allowance due to the uncertainty of its realization. Internal Revenue Code Section 382 provides for limitations on the use of net operating loss carryforwards in years subsequent to a more than 50% change in ownership (as defined by Section 382), which limitations can significantly impact the Company's ability to utilize its net operating loss carryforwards. As a result of the sale of the shares in private offering and issuance of shares for acquisition and other transactions, and changes in ownership may have occurred which might result in limitations on the utilization of the net operating loss carryforwards. The extent of any limitations as a result of changes in ownership has not been determined by the Company.

Exhibit 21.1 Subsidiaries Of NetFabric Holdings, Inc.

Name	Jurisdiction of Incorporation
NetFabric Corporation,	Delaware,

EXHIBIT 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Fahad Syed certify that:

1. I have reviewed this annual report on Form 10-K of NetFabric Holdings, Inc. (the" Company").

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

August 10, 2010

/s/ Fahad Syed
Name: Fahad Syed
Title: Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Vasan Thatham certify that:

1. I have reviewed this annual report on Form 10-K of NetFabric Holdings, Inc. (the" Company").

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

August 10, 2010

/s/ Vasan Thatham
Name: Vasan Thatham
Title: Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NetFabric Holdings, Inc. (the" Company") on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Fahad Syed certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 10, 2010

/s/ Fahad Syed
Name: Fahad Syed Title: Chairman and Chief
Executive Officer

A signed original of this written statement required by Section 906 has been provided to NetFabric Holdings, Inc. and will be retained by NetFabric Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of NetFabric Holdings, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vasan Thatham, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 10, 2010

/s/ Vasan Thatham
Name: Vasan Thatham
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to NetFabric Holdings, Inc. and will be retained by NetFabric Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.