US Dataworks, Inc. Announces Fiscal Third Quarter and Nine Months Financial Results

HOUSTON, Feb 14, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- US Dataworks, Inc. (Amex: UDW), a leading developer of payment processing solutions, announced today its fiscal third quarter and nine months financial results ended December 31, 2007.

Revenues for the third quarter ended December 31, 2007 were $1,531,229 compared with revenues of $1,719,887 for the same period a year ago. Loss from operations for the third quarter was $6,399,131 compared to a loss from operations of $222,724 for the third quarter ended December 31, 2006. Excluding a one-time charge related to a goodwill impairment booked in December 2007, loss from operations would have been $466,947. Net loss for the third quarter was $5,551,203 or $(0.17) per share, compared to a net loss of $321,192 or $(0.01) per share, for the corresponding period in the prior year.

Revenues for the nine months ended December 31, 2007 were $4,126,385 compared with the revenues of $4,756,649 for the same period a year ago. Loss from operations for the nine months ended was $8,067,648 compared to an operating loss of $1,805,128 for the nine months ended December 31, 2006. Excluding a one-time charge related to a goodwill impairment booked in December 2007, loss from operations would have been $2,135,464. Net loss for the nine months ended was $7,226,223 or $(0.23) per share, compared to a net less of $1,997,353 or $(0.07) per share, for the corresponding period in the prior year.

Software licensing revenues nearly doubled for the three months ended December 31, 2007, as compared to the same period in the prior year and were primarily related to the renewal of license sales of third-party software add-ons by the Company's customers. Transactional revenues for the three months ended December 31, 2007 decreased as compared to the same period in the prior year, largely on account of a one-time transactional fee the Company collected in 2006 under its agreement with a major merchant services provider. The increase in maintenance revenues for both the three and nine months ended December 31, 2007, as compared to the same periods in the prior year, was primarily related to the annual maintenance fees generated under the license agreement with one of the Company's major credit card customers. US Dataworks began to collect revenue related to this maintenance fee in May 2007 and expects to receive approximately $400,000 in fiscal 2008 under this agreement. The decrease in professional service revenues for the three months ended December 31, 2007, as compared to the same period in the prior year, was the result of the Company having completed two significant projects for certain customers in that prior year.

A conference call to discuss these results with the financial community is scheduled for today, at 10:30 AM EST. Interested parties may participate in the call by dialing (877) 869-3847; international callers dial (201) 689-8261 about 5-10 minutes prior to 10:30 AM EST. The conference call will also be available on replay starting at 12:30 pm EST on February 14, 2008, and ending on March 14, 2008. For the replay, please dial (877) 660-6853 (replay account # 269, replay conference # 274621). The access number for the replay for

international callers is (201) 612-7415 (replay account # 269, replay conference # 274621).

About US Dataworks, Inc.

US Dataworks is a developer of payment processing solutions, focused on the Financial Services market, Federal, State and local governments, billers and retailers. Software developed by US Dataworks is designed to enable organizations to transition from traditional paper-based payment and billing processes to electronic solutions that automate end-to-end processes for accepting and clearing checks. Additional information about US Dataworks is available at http://www.usdataworks.com.

Except for the historical information contained herein, the matters set forth in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including, but not limited to, the Company's review and audit of its financial statements and other risks detailed from time to time in the SEC reports of US Dataworks, including its annual report on Form 10-KSB for the period ended March 31, 2007 and its quarterly report on Form 10-QSB for the period ended September 30, 2007. These forward-looking statements speak only as of the date hereof. US Dataworks disclaims any obligation to update these forward-looking.

US DATAWORKS, INC.
QUARTERLY INCOME STATEMENT DATA
For the periods ended Dec. 31, 2007 and 2006

(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	12/31/07	12/31/06	12/31/07	12/31/06
Revenues				
Software licensing revenues	182,911	94,175	289,833	609,158
Software transactional revenues	445,654	532,868	1,225,043	1,138,588
Software maintenance revenues	233,010	109,128	658,019	315,677
Software service revenues	669,654	983,716	1,953,490	2,693,226
ATM Equipment revenues	-	-	-	-
	1,531,229	1,719,887	4,126,385	4,756,649
Cost of sales	574,230	540,127	1,469,312	1,559,854
Gross profit	956,999	1,179,760	2,657,073	3,196,795
Operating Expenses				
General and administrative	1,375,756	1,364,879	4,659,534	4,896,677
Depreciation and amortization	48,190	37,605	133,003	105,246
Goodwill Impairment	5,932,184	-	5,932,184	-
	7,356,130	1,402,484	10,724,721	5,001,923
Loss from operations	(6,399,131)	(222,724)	(8,067,648)	(1,805,128)
Other income (expense)				
Financing costs	(86,704)	-	(112,680)	-
Interest expense	(157,721)	(49,641)	(170,524)	(220,418)
Interest expense - related parties	(14,714)	(10,938)	(36,589)	(10,938)
Loss on disposition of assets	-	-	(44,231)	-
Gain/Loss on Derivatives	1,099,284	(37,889)	1,157,666	(193,960)
Contingent liabilities loss	-	-	-	222,600
Other income (expense)	7,783	-	7,783	10,491
	847,928	(98,468)	801,425	(192,225)
Loss before provision for income taxes	(5,551,203)	(321,192)	(7,266,223)	(1,997,353)
Provision for income taxes				
Net loss	(5,551,203)	(321,192)	(7,266,223)	(1,997,353)
Basic and diluted loss per share	(0.17)	(0.01)	$(0.23)	(0.07)
Basic and diluted weighted -average (adjusted for reverse stock split 1:5)shares outstanding	32,062,962	31,003,828	31,638,735	30,612,526

US DATAWORKS, INC.
Quarterly Balance Sheet Analysis
For the quarter ended December 31, 2007
(UNAUDITED)

ASSETS	December 31,

	2007
Current assets	
Cash and cash equivalents	1,333,039
Accounts receivable, trade	972,355
Prepaid expenses and other current assets	176,100
Total current assets	2,481,494
Property and equipment, net	518,659
Goodwill, net	8,201,445
Other assets	386,622
Total assets	11,588,220
LIABILITIES AND SHAREHOLDERS EQUITY	
Current liabilities	
Notes payable - Equipment	35,279
Derivative Liability - Compound embedded	647,399
Derivative Liability - Warrants	510,453
Deferred revenue	376,561
Accounts payable	166,361
Accrued expenses	396,124
Total current liabilities	2,132,177
Long term Note Payable - Equipment	58,798
Long term Note Payable - Related Party	500,000
Long term convertible promissory note, net unamortized discount of $2,156,606	1,843,394
Total liabilities	4,534,369
Shareholders' equity	
Convertible series B preferred stock, 0001 par	55
Common Stock. 0001 par	3,206
Additional paid in capital	64,733,161
Accumulated deficit	(57,682,571)
Total shareholders' equity	7,053,851
Total liabilities and shareholders' equity	11,588,220

CONTACTS:

John Figone, SVP, Business Development
US Dataworks, Inc.
Tel. (281) 635-7932

Donald C. Weinberger/
Alisa Steinberg (media)
Wolfe Axelrod Weinberger
Assoc. LLC
Tel. (212) 370-4500
Fax (212) 370-4505

SOURCE US Dataworks, Inc.

http://www.usdataworks.com

Copyright (C) 2008 PR Newswire. All rights reserved

News Provided by COMTEX