RAINING DATA CORP
Form 10KSB/A
March 21, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB/A

(Mark one)
[x] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2001

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to __________ .

Commission file number 0-16449

RAINING DATA CORPORATION
(Name of Small Business Issuer in Its Charter)

DELAWARE (State of Incorporation)	94-3046892 (I.R.S. Employer Identification No.)
17500 CARTWRIGHT ROAD IRVINE, CALIFORNIA (Address of Principal Executive Offices)	92614 (Zip Code)

(949) 442-4400
(Issuer's Telephone Number, Including Area Code)

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

Title of Each Class	Name of Each Exchange On Which Registered
None	N/A

Securities registered under Section 12(g) of the Exchange Act:
COMMON STOCK, $0.10 par value

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

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

The issuer's revenues for the fiscal year ending March 31, 2001 were $9,319,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant was $14,472,708 on March 14, 2002 based on the closing sale price of such stock on that date.

As of March 14, 2002, the registrant had 17,870,266 shares of its common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Disclosure Format (check one): [ ] YES [X] NO

EXPLANATORY NOTE

On February 14, 2002, the Company announced that it would restate its financial statements for the fiscal year ended March 31, 2001, and each of the quarters in the six quarterly periods ended September 30, 2001, due to the misapplication of certain accounting standards. This amended filing contains restated financial information and related disclosures for the year ended March 31, 2001, and reflects, where appropriate, changes as a result of the restatements.

This amendment does not otherwise attempt to update the information in the originally filed Form 10-KSB to reflect events occurring after the original filing date.

PART I

ITEM 1. DESCRIPTION OF BUSINESS:

OVERVIEW

Effective December 1, 2000 the Company completed the acquisition of PickAX, Inc, ("PickAX") a Delaware corporation, pursuant to an Agreement and Plan of Merger dated August 23, 2000. Concurrent with the acquisition, the Company changed its name to Raining Data Corporation. The principal asset of PickAX is Pick Systems, now a wholly owned subsidiary of PickAX, which PickAX acquired from the estate of Richard Pick, the founder of Pick Systems in March 2000. Pick Systems was incorporated in California in November 1982.

The Company's principal business is the design, development, sale, and support of two major software products: 1) a suite of Rapid Application Development (RAD) software tools, and 2) multi-dimensional database management systems. The Company's products allow customers to quickly develop flexible software solutions that can be continuously enhanced to respond to changing business and technical needs. The Company's products support the full lifecycle of application development and are designed for rapid development and deployment of Web, client/server and mobile computing applications. The Company's RAD products are object-oriented, component-based tools, providing the ability to deploy applications on the Windows, Unix, and Linux operating system platforms as well as Oracle, DB2, Sybase, Microsoft SQL Server database environments and other Open Data Base Connectivity ("ODBC") compatible database management systems. Similarly, the Company's multi-dimensional database products are designed to operate in the Windows, Unix, and Linux operating environments.

The Company's products are used by in-house corporate development teams, commercial application developers, system integrators, independent software vendors, and independent consultants to deliver pre-packaged and custom software solutions for a wide range of users.

The Company licenses its software on both a server basis and a user basis.

In addition to computer software products, the Company provides continuing maintenance and customer service contracts as well as professional services, technical support and training to help plan, analyze, implement, and maintain application software based on the Company's products.

The Company has direct offices in the United States, United Kingdom, France, Germany, and South Africa and maintains distributor relationships in many other parts of the world. The office in South Africa will be closed at the end of June 2001.

PRODUCTS

The Company's products are now marketed under the Raining Data brand name.

The Company's products are Rapid Application Development ("RAD") tools for computer application development and multi-dimensional database management systems.

The RAD product line is designed to allow customers to develop software solutions that can be continuously enhanced to respond to changing business and technical needs. The RAD products support the full life cycle of applications and are designed for rapid development and deployment of Web and client/server applications, providing true reuse of software objects and the ability to

integrate objects from disparate programming languages on a number of different operating system platforms. The RAD products are used by corporations, system integrators, independent software vendors, small businesses, and independent consultants to deliver custom software solutions for a wide range of users. In addition to these products, the Company provides technical support and training to help plan, analyze, implement, and maintain application software based on the Company's technology.

Omnis Studio, the Company's premium RAD product, is an object-oriented, rapid application development tool, offering efficient visual assembly of components and objects. Omnis Studio includes cross-platform support for Windows 95, Windows 98, Windows NT, Windows 2000, Mac OS X and Linux.

The Company's multi-dimensional database management system includes a comprehensive set of traditional third generation development tools. Historically, the principal advantages of the multi-dimensional database system have been: simple program development, maximum flexibility, ease of use, and low total cost of ownership. Over the years, a community of vertical market application developers has evolved on the multi-dimensional database platform. This group has created numerous high quality, vertically focused business applications, which are commercially sold and supported worldwide.

The Company's multi-dimensional database product line consists principally of the D3 Data Base Management System ("D3") which operates on operating systems including: IBM AIX, DG/UX, HP-UX, Linux, Microsoft NT 2000, SCO UnixWare, SCO System V and Sun Solaris. D3 allows application programmers to create new business solution software in less time than it normally takes in other environments. This translates to lower costs for the developer, lower software prices for the customer and reduced costs of ownership for both the developer and end user.

Although D3 has many features, the software has not traditionally offered an integrated graphical user interface ("GUI"). Many multi-dimensional database applications still run in the non-GUI character mode commonly referred to as "dumb terminals" or "green screens." Even when deployed on traditional PCs, this green screen functionality is merely emulated and still appears as a dumb terminal.

TRAINING SERVICES

As part of its sales efforts, the Company offers training programs to its customers and prospective customers. These classes, held at various locations emphasize foundation skills (for the newer developer), advanced classes (for the more experienced developer) and classes designed to assist customers in the migration and use of the Company's products.

TECHNICAL SUPPORT

Because the Company's products are used by customers to build and deploy applications that may become a critical component of their business operations, continuing customer technical support services are an important element of the Company's business strategy. Customers who participate in the Company's support programs receive periodic maintenance releases, direct technical support when required.

DISTRIBUTION

Domestic US Distribution

In the United States, the Company sells its products through a established distribution channel consisting of system integrators, specialized vertical application software developers, and consulting organizations. The Company also sells its products directly to large end user organizations through technical sales representatives.

International Distribution

Outside the United States, the Company maintains direct offices in the United Kingdom, France, Germany, and South Africa. (The Company plans to close the office in South Africa at the end of June, 2001.) In addition, the Company has distributor relationships in over 25 countries. Distributors in Latin America and in the Pacific Rim are managed from the corporate offices in Irvine, California, while distributors in Europe, the Middle East and Africa are managed from the European offices of the Company. For the fiscal year ending March 31, 2001, approximately 37% of the Company's revenue came from sales of the Company's products and services to customers located outside the United States, primarily in Europe and South America.

CUSTOMERS

The Company's customers can be segmented into two general categories:

- Independent Software Vendors and Software Developers--the majority of the Company's revenue has been to independent software vendors who typically write their own vertical application software that they sell as a

complete package to end-user customers. This category would include value added resellers and software-consulting companies that provide contract programming services to their customers.

- Corporate Information Technology ("IT") Departments--sales to IT departments of large corporations.

For the fiscal year ended March 31, 2001, no one customer accounted for more than 10% of the Company's revenues.

COMPETITION

The applications development tools software market is rapidly changing and intensely competitive. The Omnis Studio line of RAD developer products currently encounters competition from several direct competitors, including Microsoft Corporation (Visual Basic), Inprise Corporation (Delphi), Allaire Corporation (Cold Fusion) and Magic Software Enterprises. With regard to database products, the Company competes with several companies including Oracle, Microsoft SQL/Server, IBM DB2, Sybase and Informix (particularly the Informix multi-dimensional database products, UniVerse and UniData). In mid April 2000, Informix announced the sale of its database assets to IBM.

The Company believes that its ability to compete in the various D3 and Omnis Studio markets depends on factors both within and outside its control. The most important of these factors include the timing, performance, and the price of new products developed by both the Company and the Company's competitors.

INTELLECTUAL PROPERTIES AND OTHER PROPRIETARY RIGHTS

The Company relies primarily on a combination of trade secret, copyright and trademark laws and contractual provisions to protect its proprietary rights. In addition to trademark and copyright protections, the Company licenses its products to end users on a "right to use" basis pursuant to a perpetual license agreement that restricts use of products to a specified number of users. The Company generally relies on "shrink-wrap" or "click-wrap" licenses that become effective when a customer opens the package or downloads and installs software on its system. In order to retain exclusive ownership rights to its software and technology, the Company generally provides its software in object code only, with contractual restrictions on copying, disclosure, and transferability. There can be no assurance that these protections will be adequate, or that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

PRODUCTION

The Company duplicates the software for the D3 products for worldwide distribution at its office in Irvine, California. The Omnis Studio software is duplicated for worldwide distribution in the United Kingdom.

The Company utilizes certain of its distributors in some international markets to localize the products, including conversion of the product and product documentation to native languages, where necessary. The distributor for that market then handles the production of the resulting localized product.

BACKLOG

The Company generally ships software products as orders are received. As a result, the Company has historically operated with little backlog. As a result, the Company's license revenue in any given quarter is dependent on orders received and product shipped during the quarter. Traditionally there has been a short cycle between receipt of an order and shipment. Consequently, the Company does not believe that its backlog as of any particular date is meaningful.

EMPLOYEES

At May 31, 2001, the Company had 177 employees worldwide of which 121 were in the United States and 56 were in the international offices of the Company.

ITEM 2. DESCRIPTION OF PROPERTY:

The Company relocated its headquarters from San Carlos, California, to Irvine, California, following the acquisition of PickAX, where the Company currently leases approximately 44,750 square feet of office space in two buildings pursuant to a lease that expires in 2005 and has base monthly rent of $67,135. The facility includes facilities for engineering, technical support, sales, marketing, and general administration. The Company believes that the existing facilities are in excess of its needs for at least the next twelve months and intends to sublease one of the two buildings representing approximately 13,000 square feet.

The Company owns a three-story building of approximately 5,900 total square feet located on approximately six acres of land in Suffolk, England. The facility houses engineers, marketing, and technical support.

The Company also leases approximately 6 sales and support offices in the United States, Europe, and South Africa.

ITEM 3. LEGAL PROCEEDINGS:

COMPASS LITIGATION. Since 1994, the Company and Compass Software ("Compass") have been in litigation over software copyright infringement and related claims in the courts of the State of Washington. The Company has generally prevailed in these matters. In the most recent action, the US District Court for the Western District of the State of Washington awarded statutory damages to the Company in the amount of approximately $150,000 in addition to injunctive relief and attorney fees from Compass. The Company obtained a motion for judgment to collect the $150,000 judgment awarded and for an additional $245,000 in legal fees. In February, 2001, Earl Asmus, the principal in Compass, sued the Company in the Central District of California on a number of issues related to the State of Washington court proceedings. In early April, 2000, the suit was dismissed; however, Mr. Asmus subsequently appealed the decision. In October 2001, the case was settled through the Company's insurance policy.

PACE-NORTHERN IRELAND LITIGATION: In July 2000, Park Applications Computer Engineering, Ltd. ("PACE") sued the Company in the Queen's Bench Division Company of the High Court of Justice in Northern Ireland. PACE sought damages of $800,000 plus penalties and interest for alleged breach of contract relating to

the purchase by Pick Systems of software from PACE. In January 2002, the Company and PACE entered into a settlement agreement of the matter under which the Company agreed to pay $500,000 to PACE. Of this settlement, $250,000 was paid to PACE in January 2002 and the remaining $250,000 will be paid over a two year period.

OLENIK LITIGATION - In November 2000, George Olenik, former President and Chief Executive Officer of Pick Systems filed a lawsuit in Orange County Superior Court. Mr. Olenik asserted claims relating to his resignation from Pick Systems in March 2000, and sought unspecified damages including a success fee for the sale of Pick Systems to PickAX. In November 2001, the Company and Mr. Olenik entered into a settlement agreement whereby the Company agreed to pay $200,000 to Mr. Olenik. Such amount was paid in November 2001.

GENERAL AUTOMATION LITIGATION: In May 2001, General Automation initiated litigation in Superior Court of the State of California for the County of Orange against the Company for breach of contract relating to the Pick Systems purchase of selected assets of General Automation in August, 2000. General Automation seeks in excess of $1,000,000 in damages, penalties and interest, in addition to attorneys' fees and costs. The Company has asserted counterclaims for fraud, breach of contract and indemnity. The Company believes that the suit is without merit and intends to defend the suit vigorously. A jury trial is scheduled to begin July 28, 2002.

DOUCE BIS LITIGATION - In June 2001, Douce Bis Company sued the Company in the Commercial Court of Paris, France for approximately US$990,000 plus costs. The claim is for compensation and loss of profits due Douce Bis under the terms of the Douce Bis/Omnis distributorship agreement entered into in 1983 and extended from time to time thereafter. The Company terminated Douce Bis as the Omnis distributor in France effective in December 2000. The Company believes the suit is without merit and intends to defend the suit vigorously. The litigation is in the discovery phase and a hearing is scheduled in March 2002.

ARATA LITIGATION - In June 2001, Thomas Arata, a former employee of the Company, sued the Company in the Civil District Court for the Parish of Orleans in Louisiana. The suit is for unspecified amounts charging breach of contract, fraud, breach of fiduciary duty, unfair trade practices, and unjust enrichment concerning Arata's activities for and on behalf of PickAX prior to and during PickAX's acquisition of Pick Systems in March 2000, and

the termination of Arata's employment in December 2000. The Company believes the suit is without merit and intends to defend the suit vigorously. The litigation is in the discovery phase.

The Company is from time to time subject to claims and suits arising in the ordinary course of business. In the Company's opinion, the ultimate resolution of these matters will not have a material adverse effect on its financial position, results of operations, or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

No matters were submitted for a vote of the stockholders of the Company during the fourth quarter of the fiscal year ending March 31, 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information regarding the executive officers of the Company as of June 14, 2001:

Name	Age	Position(s)
Bryce J. Burns	43	Chairman of the Board and Interim Chief Executive Officer
Gwyneth M. Gibbs	58	Vice President, European and African Operations
Richard K. Lauer	56	President and Chief Operating Officer
Timothy J. Holland	54	Senior Vice President and Chief Technology Officer
Mario I. Barrenechea	40	Senior Vice President, Sales and Marketing
Scott K. Anderson, Jr.	56	Vice President, Finance, Treasurer, and Corporate Secretary

Mr. Burns was elected Interim Chief Executive Officer on December 29, 2000. Mr. Burns also serves as Chairman of the Board of the Company. Mr. Burns served as Director of Product Management at Novell, Inc., a computer software company, from 1998 to 2000 and served as Executive Vice President and Chief Operating Officer at Caldera Systems, a computer software company, from June 1997 through July 1998. Mr. Burns was also the President of Applied Medical Informatics, Inc., a medical software company from October 1995 to June 1997. Mr. Burns holds a BS degree in medical biology from the University of Utah and an MBA from Brigham Young University.

Mrs. Gibbs serves as Vice President European and Africa Operations for the Company from her offices in the United Kingdom. Mrs. Gibbs served as President and Interim Chief Executive Officer of the Company from October 1998 until the Company's merger with PickAX in December 2000. Mrs. Gibbs joined the Company in October 1994, and was initially responsible for Research and Development in Europe before accepting worldwide responsibility for the Company in October 1998. Mrs. Gibbs holds a BS in Astronomy from the University of London. Mrs. Gibbs resigned as an officer of the Company effective June 30, 2001. Mrs. Gibbs remains as a Director of the Company.

Mr. Lauer was elected President on December 29, 2000. Prior to that time Mr. Lauer was serving as Senior Vice President and Chief Operating Officer of the Company. Mr. Lauer came to the Company from PickAX where he served in a similar capacity as part of the management team that acquired and operated Pick Systems, in March 2000. From 1998 through 1999 Mr. Lauer served as Executive Director of Compuware Corporation, a computer software company. Prior to that time from 1996 through 1998, Mr. Lauer served as President and Chief Operating Officer of Cambridge Parallel Processing, Inc., a computer software company. Mr. Lauer holds a BA in Business Administration from California State University at Fullerton, and an MBA from Pepperdine University.

Mr. Holland serves as Senior Vice President and Chief Technology Officer of the Company. Mr. Holland came to the Company from PickAX where he served in a similar capacity as part of the management team that acquired and operated Pick Systems in March 2000. From 1993 through 2000 Mr. Holland was an independent consultant

working primarily with high-end multi-value database suppliers and large end users. Mr. Holland holds a BS degree in Electrical Engineering from Illinois Institute of Technology.

Mr. Barrenechea serves as Senior Vice President, Sales and Marketing of the Company. Mr. Barrenechea came to the Company from PickAX where he served in a similar capacity as part of the management team that acquired and operated Pick Systems in March, 2000. From 1994 through 2000, Mr. Barrenechea served in various executive sales and marketing capacities at Informix, Inc., a leading supplier of computer software multi-dimension databases. Mr. Barrenechea holds a BS in Electrical Engineering from Temple University.

Mr. Anderson serves as Vice President, Finance, Treasurer, and Corporate Secretary of the Company. Mr. Anderson came to the Company from PickAX where he served in a similar capacity as part of the management team that acquired and operated Pick Systems in March 2000. From 1985 through 2000, Mr. Anderson served as Chief Financial Officer and Corporate Secretary of BBE Sound, Inc., a company that licenses special audio technology to consumer electronic equipment manufacturers. Mr. Anderson also serves on the adjunct accounting faculty at Pepperdine University and holds a BS degree in chemical engineering from the University of Pennsylvania and an MBA from Stanford University.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The common stock of the Company has been traded on the NASDAQ since October 1987. The Company is listed on the NASDAQ Small Cap Market under the symbol "RDTA".

The following table sets forth the high and low closing prices for the Company's common stock for fiscal years 2000 and 2001:

FISCAL YEAR 2000	HIGH	LOW
First Quarter	$3.000	$0.750
Second Quarter	$7.187	$2.250
Third Quarter	$22.000	$5.000
Fourth Quarter	$21.000	$12.000

FISCAL YEAR 2001	HIGH	LOW
First Quarter	$16.500	$5.630
Second Quarter	$ 9.500	$5.810
Third Quarter	$14.000	$2.940
Fourth Quarter	$11.130	$4.810

On June 28, 2001 the closing price for the Company's common stock on the NASDAQ Small Cap Market was $5.40 and there were approximately 139 holders of record of the Company's common stock.

DIVIDENDS

The Company has never declared or paid dividends on its common stock. The Company intends to retain earnings, if any, for the operation and expansion of the Company's business, and therefore does not anticipate paying any cash dividends in the foreseeable future.

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ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial statements and results of operations should be read in conjunction with the Company's audited consolidated financial statements, including the relates notes thereto, contained elsewhere in this From 10-KSB.

RESTATEMENT OF FINANCIAL STATEMENTS

Subsequent to the filing of its Annual Report on Form 10-KSB for the year ended March 31, 2001 with the Securities and Exchange Commission, the Company became aware of certain misapplications of accounting standards related to the accounting for its business combination with PickAX under the purchase method in December 2000, the purchase of technology from a third party in May 2000 and the grant of options at below market exercise prices. These misapplications can be summarized as follows:

- In computing the purchase price, the Company used the fair value of its common stock around the date the merger agreement was signed to value common stock, warrants and options to purchase common stock exchanged for similar securities of PickAX. Portions of the merger consideration were, however, to be determined based upon subsequent negotiations between the Company and PickAX's controlling stockholder. These negotiations were completed on the closing date. As a result, the Company should have used the fair value of its common stock at the closing date to value stock-based merger consideration. In addition, the Company included certain shares and warrants that were contingently issuable based upon the amount of revenue reported by the combined company for the succeeding twelve months. Contingent consideration of this nature should not be included in the purchase price until the resolution of the contingency is determinable beyond a reasonable doubt.

- In connection with the merger with PickAX, a promissory note previously issued by PickAX to its controlling stockholder, Astoria Capital Partners, L.P. (Astoria), in the amount of $18,525,000 in principal and accrued interest was exchanged for a new promissory note from the Company in the same amount, and Astoria also received warrants to purchase an additional 500,000 shares of the Company's common stock at an exercise price of $7.00 per share. The additional warrants were valued using the Black-Scholes model. One of the assumptions used in the Company's Black-Scholes computation was that the term of the warrant was two years. The contractual term of the option is, in fact, 5 years and the full contractual term should be used in Black-Scholes calculations.

- The Company assigned the entire excess of the purchase price over the book value of the acquired net tangible assets to goodwill. The Company retained a valuation expert to determine the value of other identifiable intangible assets acquired in the PickAX acquisition. As a result, a portion of the purchase price should have been assigned to identifiable intangible assets, consisting principally of core technology and assembled workforce. These identifiable intangible assets will be amortized over periods ranging from 3 to 4 years. The Company has also reconsidered its determination of the amortization period for goodwill and retroactively reduced the period from 10 to 4 years. In addition, options to purchase PickAX common stock were assumed and converted in the merger into Company options to purchase common stock. A portion of the purchase price should have been allocated to unvested options whose exercise price was below the fair value of the underlying common stock on the closing date. The purchase price allocation should have also included an adjustment to reduce the carrying value of deferred revenue on the closing date balance sheet of PickAX for the theoretical seller's profit previously earned by the acquired company. The Company also recorded excess amounts for a number of facility closure, severance and litigation accruals as part of the purchase price allocation and these were subsequently released, in part, to income.

- In May 2000, the Company acquired the rights to certain incomplete software with no alternative future use with the intention to further develop it into a software product. The Company recorded the payments related to the incomplete software as an asset. The Company's policy for software development costs is to expense software development costs until technological feasibility has been achieved. In general, technological feasibility occurs near general release. Since this purchased software was incomplete and significant development efforts were required before it could be released, the amounts capitalized should have been expensed as incurred.

- At various dates during fiscal 2001, the Company granted options to purchase common stock to employees with an exercise price at a discount from the fair market value of the common stock on the date of grant. In addition, the Company accelerated vesting or extended the term of options held by terminated employees. In neither instance did the Company record deferred stock-based compensation or stock-based compensation.

Accordingly, the consolidated financial statements for fiscal 2001 have been restated as follows:

	As Reported	Restated
Net Revenue		
License	$ 6,285,000	$ 6,194,000
Service	4,562,000	3,125,000
Total Net Revenue	10,847,000	9,319,000
Total Costs and Expenses	18,281,000	21,718,000
Operating Loss	(7,434,000)	(12,499,000)
Total Other Expense	(1,440,000)	(1,787,000)
Net Loss	$ (8,874,000)	$(14,186,000)

Basic and Diluted Net Loss Per Share	$ (0.75)	$ (1.21)
Shares Used in Computing Basic and Diluted Net Loss Per Share	11,832,099	11,764,955

RESULTS OF OPERATIONS

The acquisition of PickAX was effective on December 1, 2000. As a result, the results of operations for the fiscal year ending March 31, 2001 differ materially from the same periods in the prior year. Consequently, the results of prior periods are not directly comparable to this period or future periods.

The Company sells its products in U.S. Dollars in North America, British Pounds Sterling in the United Kingdom, Euros in Germany and France, and Rand in South Africa. Foreign exchange gains and losses have not been material to the Company's performance to date.

The following table sets forth, as a percentage of revenue, certain Consolidated Statement of Operations data as a percentage of total revenue for the periods indicated, except for the cost of license revenue and the cost of service revenue, which are expressed as a percentage of the related revenue. This information should be read in conjunction with the Selected Financial Data and Consolidated Financial Statements included elsewhere in this Form 10-KSB.

	Twelve Months Ended	
	March 31, 2001	March 31, 2000
Net Revenue		
License	66%	80%
Service	34%	20%
Total Net Revenue	100%	100%
Costs and Expenses		
Cost of License Revenue	3%	3%
Cost of Service Revenue	18%	4%
Selling and Marketing	60%	52%
Research and Development	42%	37%
General and Administrative	45%	60%
Stock-based Compensation	19%	18%
Amortization of Goodwill and Intangible Assets	45%	--

Total Costs and Expenses	233%	174%
Operating Loss	(133)%	(74)%
Other Expense, net	(19)%	(2)%
Net Loss	(152)%	(76)%
Gross margin on license revenue	95%	96%
Gross margin on service revenue	47%	77%

NET REVENUE. Total net revenue increased 50% to $9.3 million in fiscal year ending March 31, 2001 from $6.2 million in the fiscal year ending March 31, 2000.

The Company's revenue is derived principally principal two sources: fees from software licensing and fees for services, including consulting, training, maintenance and technical support. License revenue increased 24% to $6.2 million in the fiscal year ending March 31, 2001, from $5.0 million in fiscal year ending March 31, 2000.

Service revenue increased 158% to $3.1 million in the fiscal year ending March 31, 2001, from $1.2 million in the fiscal year ending March 31, 2000.

No single customer accounted for more than 10% of revenues during the fiscal year ended March 31, 2001. In fiscal year ended March 31, 2000, one customer in the United States of America accounted for approximately 19% of revenue.

COST OF LICENSE REVENUE. Cost of license revenue is comprised of direct costs associated with software license sales including software packaging, documentation, and physical media costs. Cost of license revenue as percentage of license revenue increased to 5% in the fiscal year ending March 31, 2001 from 4% for the same period in the prior year. The Company has redesigned the packaging and documentation of the former PickAX products in an effort to reduce these costs in the future.

COST OF SERVICE REVENUE. Cost of service revenue includes consulting, technical support, and training, which consist primarily of personnel related costs. Cost of service revenue as a percentage of net service revenue increased to 53% in the fiscal year ending March 31, 2001 from 23% in the fiscal year ending March 31, 2000. The increase in cost of service revenue as a percentage of service revenue in the fiscal year ending March 31, 2001, as

compared to fiscal year ended March 31, 2000, was primarily due to the PickAX acquisition and the significant upfront personnel costs involved with expanding the activities in this part of the business.

SELLING AND MARKETING EXPENSE. Selling and marketing expense increased 74% to $5.6 million in the fiscal year ended March 31, 2001, from $3.2 million in the fiscal year ending March 31, 2000, representing 60% and 52% of total net revenue during the periods, respectively. The increase in selling and marketing expenses was due primarily to the higher level of activity including higher levels of personnel staffing in PickAX in order for the Company to begin marketing all of the Company's products to all of the Company's customers as envisioned in the PickAX acquisition. In addition, the Company has begun marketing the Company's products to customers in other multi-dimensional market spaces not heretofore included in the Company's sales and marketing efforts.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expenses increased 71% to $3.9 million in the fiscal year ending March 31, 2001, from $2.3 million in the fiscal year ended March 31, 2000, representing 42% and 37% of total net revenue during the periods, respectively. The increase in research and development expense was due primarily to the higher levels of activity including personnel staffing in PickAX and to the efforts of the Company to develop products reflecting the combination of technologies resulting from the acquisition.

GENERAL AND ADMINISTRATIVE EXPENSE: General and administrative expense increased 14% to $4.2 million in the fiscal year ended March 31, 2001 from $3.7 million in the fiscal year ended March 31, 2000. Total general and administrative expense represented approximately 45% of total net revenue in the fiscal year ended March 31, 2001, and 60% of total net revenue in the fiscal year ended March 31, 2000. General and administrative expense increased as a result of the addition of personnel and facilities resulting from the PickAx acquisition in December 2000. In addition, severance and related costs were incurred following the acquisition, as a result of cost reduction efforts and initiatives to eliminate redundant operations and activities.

STOCK-BASED COMPENSATION. Stock-based compensation increased to $1.8 million in the fiscal year ended March 31, 2001, from $1.1 million in the fiscal year ended March 31, 2000. The increase in stock-based compensation is attributable primarily to the assumption of "in-the-money" options in connection with the PickAX acquisition for which the Company recorded deferred stock-based compensation on the closing date.

AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS. The Company recorded $4.2 million related to the amortization of goodwill and intangible assets in the fiscal year ended March 31, 2001 related to the acquisition of PickAX. The Company incurred no goodwill amortization expense in the fiscal year ending March 31, 2000.

OTHER INCOME (EXPENSE). Other income (expense) is primarily comprised of net interest expense and gains and losses on foreign currency transactions. Interest expense increased to $1.3 million in the fiscal year ended March 31, 2001, from $0.1 million in the fiscal year ended March 31, 2000 and relates primarily to the note payable to Astoria for $18.5 million, which was assumed in the acquisition of PickAX, and the long term notes payable totaling $1.0 million borrowed by the Company from other stockholders in August and September 2000.

The Company sells its products in U.S. Dollars in North America, in British Pounds Sterling in the United Kingdom, in Euros in Germany and France, and in Rand in South Africa. As the Company recognizes revenues and expenses in these various currencies but reports its financial results in U.S. Dollars, changes in exchange rates may cause variances in the Company's period-to-period revenue and results of operations in future periods. Foreign exchange gains and losses have not been material to the Company's performance to date.

NET LOSS. The net loss for fiscal year 2001, was $14.2 million or $1.21 per share compared to a loss of $4.7 million or $.48 per share for the fiscal year ended March 31, 2000. The increased loss relates to the PickAX acquisition for which the Company recognized approximately $4.2 million in amortization of goodwill and intangible assets and approximately $1.2 million in interest expense for the fiscal year ending March 31, 2001.

INFLATION

The Company believes that inflation has not had a material impact on the Company's operating results to date and does not expect inflation to have a material impact on the Company's operating results in the fiscal year ending Mach 31, 2002.

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LIQUIDITY AND CAPITAL RESOURCES

The Company had $2.4 million in cash at March 31, 2001.

The Company does not have a line of credit with a bank. The recent financial performance of the Company makes such a line of credit unlikely at the present time. Astoria Capital Partners, L.P. (Astoria) is the primary secured party in all the assets in support of the note assumed in the acquisition of PickAX. The note had a balance (including accrued interest) of $19.0 million at March 31, 2001, and will continue to accrue interest until maturity on November 30, 2002, or retirement prior to that time. The note does not provide for any further borrowings. The note requires certain payments in the event of a public or private offering of equity and gives Astoria certain rights to approve any future acquisitions. There can be no assurances that the Company will have sufficient cash to pay the note at maturity or in the event of an offering. The Company's ability to service its debt is dependent upon future performance which will be affected by, among other things, prevailing economic conditions, the public market for the Company's stock, and other factors beyond the Company's control.

The Company had a working capital deficit of $3.2 million at March 31, 2001. Of this total deficit, $3.3 million represents deferred revenue that the Company earns over the remaining life of the underlying service contracts (usually 12 months) as more fully discussed in the Notes to the Consolidated Financial Statements.

Management believes that the Company's working capital and future cash flow from operating activities will be sufficient to meet the Company's operating and capital expenditure requirements for at least the next twelve months. However, the Company may need additional funds if the Company experiences a decline in revenue or in the event of unforeseen circumstances. In addition, the Company may require additional funds to support its working capital requirements or for other purposes and may seek to raise such funds through public or private equity financing or bank lines of credit or from other sources. No assurance can be given that additional financing will be available or that, if available, such financing will be on terms favorable to the Company.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2001, the FASB issued SFAS No. 141, Business Combinations, (SFAS No. 141) and SFAS No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. SFAS No. 141 specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. SFAS No. 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121 and subsequently, SFAS No. 144 after its adoption.

The Company adopted the provisions of SFAS No. 141 as of July 1, 2001, and SFAS No. 142 is effective for the Company on April 1, 2002. Goodwill and intangible assets determined to have an indefinite useful life acquired in a purchase business combination completed after June 30, 2001, but before SFAS No. 142 is adopted in full, are not amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 continued to be amortized and tested for impairment prior to the full adoption of SFAS No. 142.

Upon adoption of SFAS No. 142, the Company is required to evaluate its existing intangible assets and goodwill that were acquired in purchase business combinations, and to make any necessary reclassifications in order to conform with the new classification criteria in SFAS No. 141 for recognition separate from goodwill. The Company will be required to reassess the useful lives and residual values of all intangible assets acquired, and make any necessary amortization period adjustments by the end of the first interim period after adoption. If an intangible asset is identified as having an indefinite useful life, the Company will be required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142 within the first interim period. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect

of a change in accounting principle in the first interim period.

In connection with SFAS No. 142's transitional goodwill impairment evaluation, the Statement requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of April 1, 2002. The Company will then have up to six months from April 1, 2002 to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an indication exists that the reporting unit goodwill may be impaired and the Company must perform the second step of the transitional impairment test. The second step is required to be completed as soon as possible, but no later than the end of the year of adoption. In the second step, the Company must compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the date of adoption. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with SFAS No. 141. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations.

As of the date of adoption of SFAS No. 142, the Company expects to have unamortized goodwill in the amount of $25.4 million and unamortized identifiable intangible assets in the amount of $8.1 million, all of which will be subject to the transition provisions of SFAS No. 142. Amortization expense related to goodwill was $3.1 million for the year ended March 31, 2001. Because of the extensive effort needed to comply with adopting SFAS No. 141 and No. 142, it is not practicable to reasonably estimate the impact of adopting the Statements on the Company's consolidated financial statements at the date of this report, including whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change in accounting principle.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143). SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on April 1, 2003, but does not expect adoption to have a material effect on its financial condition or results of operations.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of

an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company is required to adopt SFAS No. 144 on April 1, 2002. The Company has not yet determined the effect, if any, from the adoption of SFAS No. 144 on its financial condition and results of operations.

RISK FACTORS

This Annual Report on Form 10-KSB contains forward-looking statements with the meaning of Section 27A of the Securities At of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include statements regarding the Company's expectations, hopes, and intentions regarding the future, including but not limited to statements regarding the Company's strategy, competition, development plans (including anticipated cost, timing and eventual acceptance of new products and services by the market), financing, revenue, and operations. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from such forward-looking statements include the risks described in greater detail in the following paragraphs. All forward-looking statements in this document are made as of the date hereof, based on information available to the Company as of the date hereof, and the Company assumes no obligation to update any forward-looking statement.

QUARTERLY FLUCTUATIONS IN OPERATING RESULTS. The Company has experienced significant quarterly fluctuations in operating results in the past and anticipates such fluctuations in the future. The Company expects to continue to expend significant sums in the area of sales and marketing operations and research and development in order to promote new product development and rapid product introduction. Because the expenses associated with these activities are relatively fixed in the short-term, the Company may be unable to adjust spending quickly enough to offset any unexpected shortfall in revenue growth or any decrease in revenue levels. Operating results may also fluctuate due to factors such as:

- the size and timing of customer orders;
- changes in pricing policies by the Company or its competitors;
- the ability of the Company to develop, introduce, and market new and enhanced versions of the Company's products;
- the number, timing, and significance of product enhancements and new product announcements by the Company's competitors;
- the demand for the Company's products;

- changes in the proportion of revenues attributable to licenses and service fees;
- nonrenewal of customer support agreements;
- commencement or conclusion of significant consulting projects;
- customer order deferrals in anticipation of enhancements or new products offered by the Company or its competitors;
- software defects and other product quality problems;
- personnel changes; and
- the level of international expansion.

As a result, the Company expects its quarterly operating results to continue to fluctuate.

The Company operates without a significant backlog of orders. As a result, the quarterly sales and operating results in any given quarter are dependent, in large part, upon the volume and timing of orders booked and products shipped during that quarter. Accordingly, the Company may be unable to adjust spending in a timely manner to compensate for any unanticipated decrease in orders, sales or shipments. Therefore, any decline in demand for the Company's products and services, in relation to the forecast for any given quarter, could materially and negatively impact the results of the Company's operations. In addition, the Company believes that period-to-period comparisons of its operating results should not be relied upon as indications of future performance.

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INTEGRATION. The acquisition of PickAX in December 2000 has increased revenue from $6.2 million for the fiscal year ending March 31, 2000 to $9.3 million for the fiscal year ending March 31, 2001, which includes the results of the PickAX acquisition for the four month period from December 2000 through March 2001. The number of employees increased from approximately 35 at the Company just prior to closing the acquisition to approximately 183 employees just after the acquisition. Since the acquisition, the Company's focus has been on new products and services. The first such product, called mvDesigner, was introduced at the Company's worldwide user conference in May 2001. The Company believes that the initial market for these products will be the multi-dimensional database market where value added resellers, application developers, system integrators, and large end users are seeking to upgrade their existing, highly functional multi-dimensional database applications for deployment in a Web or client/server environment.

The integration of the two companies will require the dedication of management, engineering, and sales resources in order to achieve the anticipated benefits and efficiencies of the acquisition. The difficulties of combining the operations are exacerbated by the necessity of coordinating geographically separated engineering organizations in the United States of America and in the United Kingdom as well as integrating the accounting and other administrative systems of the two companies. The process of integrating the operations of the two companies could cause an interruption of, or loss of momentum in, the activities of the combined our businesses. The failure to successfully integrate PickAX operations could have a materially adverse effect upon our business,

operating results, and financial condition.

SALES CYCLE. The sales cycle for the Company's products typically ranges from three to six months or longer. The Company's products are typically used by application developers, system integrators, and value added resellers to develop applications that are critical to their corporate end user's business. Thus, the purchases of the Company's products are often part of an end user's larger business process, reengineering initiative, or implementation of client/server or web-based computing. Therefore, the end users frequently view the purchase of the Company's products as part of a long-term strategic decision regarding the management of their workforce-related operations and expenditures which sometimes results in end users taking a long period of time to assess alternative solutions by competitors or to defer a purchase decision as a result of an unrelated strategic issue beyond the Company's ability to influence or control. The Company will continue to educate potential customers on the use and benefits of the Company's products and services, as well as the integration of the Company's products and services with additional software applications utilized by individual customers. There can be no assurance, however, that the Company will not experience these and additional delays in the future.

MARKET GROWTH. The multi-dimensional database market is small and stable. As a result, the primary growth of the Company's market will depend upon the Company's ability to displace its competitors in the products of system integrators and value added resellers that sell to corporate end users. Unless a critical mass of organizations and their suppliers adopt the Company's products and recommend them to corporate end users, the Company's products may not achieve widespread market acceptance, which would cause the Company's business to suffer.

PRODUCT DEVELOPMENT. Because the market for the Company's products is continuing to emerge and is subject to rapid technology change and evolving industry standards, the life cycles of the Company's products are difficult to predict. Competitors may introduce new products or enhancements to existing products employing new technologies, which could render the Company's existing products and services obsolete and unmarketable. To be successful, the Company's products and services must keep pace with technological developments and emerging industry standards, address the ever-changing and increasingly sophisticated needs of the Company's customers and achieve market acceptance. However, the development of new, enhanced software products is a complex and uncertain process requiring high levels of innovation from the Company's designers as well as accurate anticipation of customer and technical trends by the marketing staff. In developing new products and services, the Company may also fail to develop and market products that respond to technological changes or evolving industry standards in a timely or cost-effective manner, or experience difficulties that could delay or prevent the successful development, introduction and marketing of these new products and services. The development and introduction of new or enhanced products also requires the Company to manage the transition from older, displaced products in order to minimize disruptions in customer ordering patterns and to ensure that adequate supplies of new products can be delivered to meet customer demand. The Company's results of operations would be seriously harmed if the Company was unable to develop, release and market new software product enhancements on a timely and cost-

effective basis, or if new products or enhancements do not achieve market acceptance or fail to respond to evolving industry or technology standards.

COMPETITION. The market for the Company's products is highly competitive, diverse, and subject to rapid change. The Company's products and services compete on the basis of the following key characteristics:

- performance;
- interoperability;
- scalability;
- functionality;
- reliability;
- pricing;
- post sale customer support;
- quality;
- compliance with industry standards; and
- overall total cost of ownership.

While management currently believes that the Company's products and services compete favorably with respect to their characteristics in the marketplace, the Company's products and services could fall behind marketplace demands at any time. If the Company fails to address the competitive challenges, the Company's business would suffer materially.

The Company currently faces competition from a number of sources, including several large vendors that develop and market databases, development tools, decision support products, and consulting services. The Company's principal competitors include IBM, Microsoft, Informix/Ardent, Oracle, Sybase and Jbase. There are also a number of open source database alternatives to the Company's database products, which include My SQL and Postgre SQL. Additionally, as the Company expands its business, the Company expects to compete with a different group of companies, including small, highly focused companies offering single products or services that the Company includes as part of an overall solution. A number of the Company's competitors have significantly greater financial, technical, marketing and other resources than the Company. As a result, these competitors may be able to respond more quickly to new or emerging technologies, evolving markets, changes in customer requirements, and may devote greater resources to the development, promotion and sale of their products than the Company.

CONCENTRATION OF STOCK OWNERSHIP AND DEBT TO PRINCIPAL STOCKHOLDER. Astoria Capital Partners, L.P. and Rockport Group together beneficially own approximately 63% of the Company's outstanding common stock. In addition, the Company has a promissory note for approximately $19.0 million in principal and accrued interest due to Astoria Capital Partners, L.P. in November 2002. Mr. Wagner, a member of the Company's Board of Directors, is the managing director of Rockport Group. This concentration of stock ownership can affect those actions of the Company that require stockholder approval, including the election of the Board of Directors and the approval of significant corporate transactions. Moreover, this concentration of ownership may delay or prevent a change in control of the Company.

LIMITED OPERATING HISTORY. In December 2000, the Company completed the

acquisition of PickAX. There is a limited operating history as a combined entity. Risks and difficulties include the Company's ability to:

- expand its base of customers with fully installed and deployed systems that can serve as reference accounts for the Company's ongoing sales efforts;
- expand the Company's pipeline of sales prospects domestically and internationally in order to promote greater predictability in the Company's period-to-period sales levels;
- continue to offer new products that complement the Company's existing product line, in order to make the Company's products more attractive to customers;
- continue to develop, integrate and upgrade the Company's technology to add additional features and functionality;
- maintain the current, and develop new, third-party relationships;
- continue to attract and retain qualified personnel; and

- increase awareness of the Company's brand name.

There are no assurances that the Company's business strategy will be successful or that the Company will successfully address these risks or difficulties. If the Company fails to address these risks or difficulties adequately, the business of the Company will likely suffer.

LIQUIDITY. The Company expects that its cash in the bank will be sufficient to meet the Company's working capital and capital expenditures for the next twelve months. However, the Company may need additional funds if the Company experiences a decline in revenues or in the event of other unforeseen circumstances. If additional financing becomes necessary, there is no assurance that the Company could raise additional funds on acceptable terms. Therefore, the Company may not be able to develop or enhance the Company's products, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements.

INTERNATIONAL OPERATIONS. The Company operates on a global basis with offices or distributors in Europe, Africa, Asia, and North America. Approximately 43% of the Company's revenue in the fiscal year ending March 31, 2001 were derived from international sources. The Company intends to continue to expand its international operations to achieve the Company's anticipated growth, but the Company may face significant challenges to the Company's international expansion. The expansion of the Company's existing international operations and entry into additional international markets will require significant management attention and financial resources. To achieve acceptance in international markets, the Company's products must be internationalized to handle a variety of factors specific to each international market, including language and generic formatting such as date and time. The incorporation of these and other factors into the Company's products is a complex process and often requires assistance from third parties. At the same time, to achieve broad usage by employees across international organizations, the Company's products must be localized to handle native languages and cultures in each international market. Localizing the Company's products is also a complex process and the Company intends to continue to work with third parties to develop localized products.

The Company also faces other risks inherent in conducting business internationally, including but not limited to the following:

- fluctuations in interest rates or currency exchange rates;
- language and cultural differences;
- local and governmental requirements;
- difficulties and costs of staffing and managing international operations;
- differences in intellectual property protections;
- difficulties in collecting accounts receivable and longer collection periods;
- seasonal business activities in certain parts of the world; and
- trade policies.

Any of these factors could seriously harm the Company's current international operations and, consequently, affect the international growth of the Company's business. There can be no assurance that these factors or any combination of these factors will not adversely affect the international revenues or overall financial performance of the Company.

RAPID TECHNOLOGICAL CHANGE. The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards and protocol, and frequent improvements in products and services. In order to succeed, the Company must improve current products and services and develop new products and services that are competitive in terms of price, performance, and quality. The Company must provide products and related services that meet the demands of its customers and prospective customers as the market and customer requirements evolve. Not only will the Company have to expend significant funds and other resources to continue to improve the Company's existing products and services, but the Company must also properly anticipate, address, and respond to consumer preferences and demands. As customers' needs change with respect to their enterprise applications, the Company's existing products may become obsolete or inefficient relative to those of the competition and may require modifications or improvements. The addition of new products and services will also require that the Company continue to improve the technology underlying the Company's products. If the Company

fails to quickly respond to customer needs, or if its offerings fail to achieve market acceptance, the market for its products and services will not grow or may decline, and the Company's business may suffer significantly. Consequently, the Company's future financial performance will depend, in significant part, upon the successful development, introduction, and market acceptance of new and enhanced products or services.

INDUSTRY STANDARDS. A key factor in the Company's future success will continue to be the ability of the Company's products to operate and perform well with existing and future leading, industry-standard enterprise software applications intended to be used in connection with multidimensional database management system products. Interoperability may require third party licenses, which may

not be available to the Company on favorable terms or at all. Failure to meet existing or future interoperability and performance requirements of industry standard applications in a timely manner could adversely affect the Company's business. Uncertainties relating to the timing and nature of new product announcements, introductions or modifications by the these third parties could delay the Company's product development, increase the Company's product development expense or cause customers to delay evaluation, purchase, and deployment of the Company's products.

PROFESSIONAL SERVICES. The growth of the Company's license revenue also depends on the Company's ability to provide the Company's customers with professional services to assist in support, training, consulting, initial implementation and deployment of the Company's products and to educate third-party systems integrators in the use of the Company's products. As a result, the Company plans to increase the number of professional services personnel to meet these needs. New professional services personnel will require training and take time to reach full productivity. Competition for qualified professional services personnel is intense due to the limited number of people who have the requisite knowledge and skills. The Company may not be able to attract or retain a sufficient number of qualified professional services personnel. To meet the Company's customers' needs for professional services, the Company may also need to use more costly third-party consultants to supplement the Company's own professional services group. In addition, the Company could experience delays in recognizing revenue if the Company's professional services group fails to complete implementations in a timely manner. If the Company fails to maintain or enhance its professional services group as a result of any of these factors, the Company's business could be materially harmed.

SOFTWARE DEFECTS. The Company's enterprise applications software may contain undetected errors or failures when first introduced or as new versions are released. This may result in loss of, or delay in, market acceptance of the Company's products and could harm the Company's reputation. Undetected errors or failures in computer software programs are not uncommon and are endemic to the nature of the business. While the Company makes every effort to thoroughly test its software, in the event that the Company experiences significant software errors in future releases, the Company could experience delays in release, customer dissatisfaction and lost revenues. Any of these errors or defects could cause the Company's business to be materially harmed.

PROPRIETARY RIGHTS. The Company relies primarily on a combination of trade secret, copyright and trademark laws and contractual provisions to protect its proprietary rights. In addition to trademark and copyright protections, the Company licenses its products to end users on a "right to use" basis pursuant to a perpetual license agreement that restricts use of products to a specified number of users. The Company generally relies on "shrink-wrap" or "click-wrap" licenses that become effective when a customer opens the package or downloads and installs software on its system. In order to retain exclusive ownership rights to its software and technology, the Company generally provides its software in object code only, with contractual restrictions on copying, disclosure, and transferability. There can be no assurance that these protections will be adequate, or that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

The Company's ability to compete successfully will depend, in part, on the Company's ability to protect the Company's proprietary technology and operations without infringing upon the rights of others. The Company may fail to do so. In addition, the laws of certain countries in which are products are or may be licensed may not protect the Company's proprietary rights to the same extent as the laws of the United States.

There has been a substantial amount of litigation in the software industry regarding intellectual property rights. Third parties may claim that the Company's current or potential future products and services infringe upon their intellectual property. The Company expects that software product developers and providers of software applications

will increasingly be subject to infringement claims as the number of products and competitors in the Company's industry segment grows and the functionality of products in different industry segments overlaps. Any claims, with or without merit, could be time consuming, result in costly litigation, cause product shipment delays, prohibit product licensing or require us to enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all, which could seriously harm the Company's business.

KEY PERSONNEL AND MANAGEMENT. Many of the Company's executive officers joined the Company recently in connection with the acquisition of PickAX. The new executive officers must be able to work efficiently together to manage the Company's operations. The loss of one or more of these executives could adversely affect the Company. In addition, the Company believes that its future success will depend to a significant extent on its ability to recruit, hire and retain highly skilled management and employees for engineering new products, product management, sales, marketing, and customer service. Competition for such personnel in the software industry is intense, and there can be no assurance that the Company will be successful in attracting and retaining such personnel. If the Company is unable to do so, it may experience inadequate levels of staffing to develop and license its products and perform services for its customers.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the Company, including the notes thereto, together with the report of independent auditors thereon are presented beginning on Page F-1 and are incorporated herein by reference.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Grant Thornton LLP was previously the principal accountants for Raining Data Corporation. On January 2, 2002, that firm's appointment as principal accountants was terminated and KPMG LLP was engaged as principal accountants. The decision to change accountants was approved by the board of directors.

In connection with the audits of the two fiscal years ended March 31, 2000, and 2001, and reviews of the subsequent interim period through September 30, 2001, there were no disagreements with Grant Thornton LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference in connection with their opinion to the subject matter of the disagreement.

The audit reports of Grant Thornton LLP on the consolidated financial statements of Raining Data Corporation and subsidiaries as of and for the years ended March 31, 2000 and 2001 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. Subsequent to the filing of its Annual Report on Form 10-KSB for the year ended March 31, 2001, and the change in auditors from Grant Thornton LLP to KPMG LLP:

In January 2002,the Company became aware of certain misapplications of accounting standards principally related to the accounting for its business combination with PickAX under the purchase method in December 2000, the purchase of technology from a third party in 2000 and the grant of options at below market exercise prices. Management discussed these matters with Grant Thornton LLP and on February 27, 2002 Grant Thornton LLP sent a letter to the Company withdrawing its audit report on the consolidated financial statements of Raining Data Corporation as of and for the year ended March 31, 2001.

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PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The Bylaws of the Company provide that the Board of Directors is composed of seven directors divided into three classes composed of two members in each of Classes I and II and three members in Class III. The directors are elected to serve staggered three-year terms, with the term of one class of directors expiring each year.

The following table sets forth as of June 14, 2001, the name, age, and position of the directors, the date they joined the Board of Directors and the year in which their term expires:

Name of Director	Age	Principal Occupation	Director Since
Bryce J. Burns	43	Chairman and Interim Chief Executive Officer of the Company	2000
Gerald F. Chew(2)	41	President and Chief Operating Officer, MDSI Mobile Data Solutions, Inc.	1998
Gil Figueroa	57	President and Chief Executive Officer, Internet Tools, Inc.	2000
Gwyneth M. Gibbs	58	Vice President, European and Africa Operations of the Company	1999
Douglas G. Marshall(1)	45	Vice President of Marketing, Bank of America	1998
Bryan Sparks(2)	39	Chairman and Chief Executive Officer of Lineo, Inc.	2000
Geoffrey P. Wagner(1,2)	44	General Partner, Rockport Group, L.P.	1998

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

There are no arrangements or understandings between any director and executive officers or other person pursuant to which he or she is or was to be selected as a director or officer of the Company.

Gerald F. Chew, a director of the Company, is a cousin of the General Partner of Astoria Capital Partners, LP.

Except as follows, each director has been engaged in his principal occupation set forth above during the past five years; there is no family relationship between any director and executive officer of the Company.

Mr. Burns was elected Interim Chief Executive Officer on December 29, 2000. Mr. Burns also serves as Chairman of the Board of the Company. Mr. Burns served as Director of Product Management at Novell, Inc., a computer software company, from 1998 to 2000 and served as Executive Vice President and Chief Operating Officer at Caldera Systems, a computer software company, from June 1997 through July 1998. Mr. Burns was also the President of Applied Medical Informatics, Inc., a medical software company from October 1995 to June 1997. Mr. Burns holds a BS degree in medical biology from the University of Utah and an MBA from Brigham Young University.

Mr. Chew currently serves as the President and Chief Operating Officer of MDSI Mobile Data Solutions, Inc. ("MDSI"), a company of which he has been a Director since 1995. Prior to joining MDSI, Mr. Chew had been serving as Executive Vice President of Ancora Capital & Management Group, LLC since June 1998 and Managing Director of The Cairn Group since February 1997. From August 1996 to February 1997, he was Chief Operating Officer of Spot Magic, Inc. Mr. Chew serves on the Audit Committee.

Mr. Figueroa joined the Board in November 2000. At the time, Mr. Figueroa was serving as the Chairman and Chief Executive Officer of PickAX, which Mr. Figueroa formed in August 1999 to acquire Pick Systems. Mr. Figueroa served briefly as the President and Chief Executive Officer of the Company in December 2000 following the acquisition. Mr. Figueroa resigned as an executive officer of the Company at the end of December 2000, and formed Internet Tools, Inc., where he serves as President and Chief Executive Officer. From 1995 until he formed PickAX, Mr. Figueroa was President of Advanced Litigation Techniques, Inc.

Mrs. Gibbs serves as Vice President European and Africa Operations for the Company from her offices in the United Kingdom. Mrs. Gibbs served as President and Interim Chief Executive Officer of the Company from October 1998 until the Company's merger with PickAX in December 2000. Mrs. Gibbs joined the Company in October 1994, and was initially responsible for Research and Development in Europe before accepting worldwide responsibility for the Company in October 1998. Mrs. Gibbs holds a BS in Astronomy from the University of London. Mrs. Gibbs resigned as an officer of the Company effective June 30, 2001. Mrs. Gibbs remains as a Director of the Company.

Mr. Marshall is currently Vice President with Bank of America where he has held a number of marketing positions including Vice President of Advertising and Marketing Communications as well as product development and management roles since joining the bank in August 1994. Mr. Marshall holds BA in English from Seattle Pacific University and an MBA from the University of Washington. Mr. Marshall serves on the Compensation Committee.

Mr. Sparks joined the Board of Directors in August 2000. Mr. Sparks serves as

the Chairman and Chief Executive Officer of Lineo, Inc., a computer software company, which he joined in September 1998. From October 1994 through September 1998 Mr. Sparks served as the Chief Executive Officer of Caldera, Inc., a computer software company. Mr. Sparks holds Bachelor's Degree in Computer Science from Brigham Young University. Mr. Sparks is a member of the Audit Committee.

Mr. Wagner served as Secretary of the Company from February 1999, through November 2000. Mr. Wagner is the sole General Partner of Rockport Group LP since it's founding in September 1990. The Rockport Group LP invests in a variety of industries, including technology, healthcare and apparel. Prior to 1990 Mr. Wagner held sales executive positions at several leading Wall Street firms including five years at Bear, Stearns & Co., Inc. and five years at Kidder, Peabody & Co., Inc. Mr. Wagner holds a BS in Business Administration from Portland State University. Mr. Wagner serves on the Audit Committee and the Compensation Committee.

Information regarding the current Executive Officers of the Company found under the caption "Executive Officers of the Registrant" in Part I hereof is incorporated by reference into this Item 9.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership on

Form 3 and changes in ownership on Form 4 or 5 with the Securities and Exchange Commission ("SEC"). Such officers, directors and ten-percent stockholders are also required by SEC rules to furnish the Company with copies of all forms that they file pursuant to Section 16(a). Based solely on its review of the copies of such forms received by it and representations that no other forms were required to be filed, the Company believes that all Section 16(a) filing requirements applicable to its officers, directors and ten-percent stockholders were complied with in a timely fashion, except as follows: Gwyneth Gibbs filed a late Form 3 and reported four transactions late on a Form 5; Bryan Sparks filed a late Form 3; Astoria Capital Partners filed a late Form 3 and filed late Form 4 reports for the months of January, February, March, April, June, July, November and December 2000 with respect to an indeterminable number of transactions; and Richard Koe filed a late Form 3 and filed late Form 4 reports for the months of July, November and December 2000 with respect to an indeterminable number of transactions.

ITEM 10. EXECUTIVE COMPENSATION

Summary Compensation

The following table sets forth the compensation of the Company's Named Executive Officers, which consist of a) the all persons serving as the chief executive officer during the fiscal year, b) the four most highly compensated executive officers serving as such at the end of the fiscal year, and c) the two most highly compensated former executives for whom disclosure would have otherwise been required but for the fact they were not serving as such at the end of the fiscal year ending March 31, 2001:

Summary Compensation Table

		Annual Compensation		L Compe
Name and Principal Position	Year	Salary ($)	Bonus ($)	Securi O
Bryce J. Burns(1) Interim Chief Executive Officer and Chairman	2001	$ 75,000	--	
Gwyneth M. Gibbs(2) Vice President European and African Operations; Former President and Interim Chief Executive Officer until PickAX acquisition	2001 2000 1999	$144,423 $107,884 $ 79,874	 $40,000 $33,209	
Gil Figueroa(3) Former President and Chief Executive Officer	2001	$254,738	--	
Richard K. Lauer(4) President and Chief Operating Officer	2001	$268,750	$20,000	
Timothy J. Holland(5) Senior Vice President and Chief Technology Officer	2001	$187,500	--	
Mario I. Barrenechea(6) Senior Vice President, Sales and Marketing	2001	$306,300	--	
Scott K. Anderson, Jr.(7) Vice President of Finance, Treasurer, and Corporate Secretary	2001	$185,000	$10,000	
James Dorst(8) Former Chief Operating Officer and Chief Financial Officer	2001 2000	$121,875 $ 94,507	-- --	

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(1) Mr. Burns joined the Company as Interim Chief Executive Officer on December 29, 2000. Mr. Burns was elected Chairman of the Company on September 22, 2000.

(2) Mrs. Gibbs resigned as President and Interim Chief Executive Officer at the time of the PickAX acquisition and was subsequently elected Vice President, European and African Operations of the Company. Mrs. Gibbs resigned as an officer of the Company effective June 30, 2001.

(3) Mr. Figueroa was serving as President and Chief Executive Officer of PickAX at the time of the PickAX acquisition and joined the Company as President and Chief Executive Officer through December 29, 2000. Mr. Figueroa remains a Director of the Company. Compensation includes amounts earned at PickAX from April 1, 2000 through the date of acquisition.

(4) Mr. Lauer was serving as Executive Vice President and Chief Operating

Officer of PickAX at the time of the acquisition and was elected Senior Vice President and Chief Operating Officer of the Company at the time of the acquisition. Mr. Lauer was elected President and Chief Operating Officer of the Company on December 29, 2000. Compensation includes amounts earned at PickAX from April 1, 2000 through the date of acquisition.

(5) Mr. Holland was serving as Senior Vice President and Chief Technology Officer of PickAX at the time of the acquisition and was elected to the same position in the Company at time of the acquisition. Compensation includes amounts earned at PickAX from April 1, 2000 through the date of acquisition.

(6) Mr. Barrenechea was serving as Senior Vice President, Sales and Marketing of PickAX at the time of the acquisition and was elected to the same position in the Company at time of the acquisition. Compensation includes amounts earned at PickAX from April 1, 2000 through the date of acquisition.

(7) Mr. Anderson was serving as Vice President and Administration and Corporate Secretary of PickAX at the time of the acquisition and was elected Vice President, Treasurer, and Corporate Secretary of the Company at time of the acquisition. Compensation includes amounts earned at PickAX from April 1, 2000 through the date of acquisition.

(8) Mr. Dorst resigned as an officer of the Company on October 16, 2000 and resigned as a Director of the Company on August 14, 2000.

(9) Amounts presented include the dollar value of:

(i) premiums paid by the Company during the fiscal year with respect to term life insurance for the benefit of the Mr. Barrenechea in the amount of $2,478.

(ii) contributions to the Company's 401(k) program on behalf of the Named Executive Officer's 401(k) Plan in the amount of $1,200 for Mr. Figueroa, $2,820 for Mr. Holland, and for $1,500 Mr. Anderson. Contributions to the United Kingdom company pension plan for Mrs. Gibbs totaled $21,934.

(iii) balance of rental cost of housing not covered by Mr. Figueroa's housing allowance of $2,000 per month and severance payments made through March 31, 2001, of $89,565.

(iv) Mr. Dorst received $46,875 in severance payments.

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STOCK OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth the individual grants of stock options made by the Company during the fiscal year ending March 31, 2001, to each of the Named Executive Officers:

Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year(1)	Exercise Price ($/Sh)	Expiration Date

Bryce J. Burns	64,825	7%	$4.09	3/1/11
Gwyneth M. Gibbs	30,000	3%	$5.00	3/29/11
Richard K. Lauer	30,000	3%	$4.25	3/29/11
Timothy J. Holland	30,000	3%	$4.25	3/29/11
Mario I. Barrenechea	30,000	3%	$4.25	3/29/11
Scott K. Anderson, Jr.	30,000	3%	$4.25	3/29/11

(1) Based on an aggregate of 924,400 options granted to directors and employees of the Company in the fiscal year ending March 31, 2001, including the Named Executive Officers. Each of the options listed in the table vests at 25% one year after the commencement date of the grant, and one thirty-sixth of the remaining unvested shares subject to the option grant vest each month thereafter.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND YEAR-END OPTION VALUES

The Named Executive Officers exercised no options during the last fiscal year.

The following table shows, as to the Named Executive Officers, the value of unexercised options at March 31, 2001:

Aggregated Option Exercises in Fiscal Year 2001
and Fiscal Year 2001 Ending Option Values

Name	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-The-Money Options at Fiscal Year End(2)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Bryce J. Burns	35,892	157,758	$ 0	$ 68,105
Gwyneth M. Gibbs	42,326	60,674	$ 60,859	$ 47,251
Gil Figueroa	30,550	0	$ 58,063	$ 0
Richard K. Lauer	91,648	167,473	$200,764	$327,866
Timothy J. Holland	81,465	152,198	$178,457	$294,405
Mario I. Barrenechea	91,648	167,473	$200,764	$327,866
Scott K. Anderson, Jr.	61,099	121,649	$133,843	$227,484
James Dorst(1)	0	0	$ 0	$ 0

(1) Mr. Dorst resigned on October 16, 2000, and did not exercise his options within the authorized time limit following his departure from the Company.

(2) In accordance with SEC rules, values are calculated by subtracting the exercise price from the fair market value of the underlying common stock. For purposes of this table, fair market value is deemed to be closing price of the common stock on March 31, 2001, which was $5.1406 per share.

EMPLOYMENT CONTRACTS

The Service Agreement effective April 1, 2000, between the Company and Gwyneth M. Gibbs retains Mrs. Gibbs as an Officer of the Company for an initial term of two (2) years, which is automatically renewed for subsequent two year terms unless the agreement is terminated by either party by delivery of six months prior notice. The Service Agreement provides for an annual base salary of Pound Sterling83,000 sterling, with annual increases based the Index of Retail Prices published by the Office for National Statistics. In addition, Mrs. Gibbs is entitled to an annual incentive bonus of 50% of her base salary if certain prearranged annual goals and objectives are met (no bonuses have been paid to date), and to Company contributions to a Company retirement plan open to all United Kingdom employees.

The Company has Employment Agreements effective December 1, 2000, with Messrs. Figueroa, Lauer, Holland, Barrenechea and Anderson, the form of which was included as Exhibit 10-1 in the Form 10-QSB filed with the SEC on February 14, 2001. Except for Mr. Barrenechea's agreements, the Employment Agreements signed by the Company are for one year, identify the initial position title and compensation amounts, provide the officers may receive bonuses from time to time at the discretion of the Board of Directors, and provide for six months severance in the event of involuntary separation from the Company. Mr. Barrenechea's agreement is for three years and

provides that he will receive commissions on the Company's revenues. Mr. Barrenechea's Agreement does not contain a non-competition provision.

On March 7, 2001, the Company entered into a Transition and Release Agreement (the "Transition Agreement") with Gil Figueroa in connection with his resignation as President and Chief Executive Officer of the Company on December 29, 2000. Pursuant to the terms of the Transition Agreement, Mr. Figueroa will receive severance pay of $24,083 per month through December 31, 2001. In addition, the Company agreed to pay Mr. Figueroa's COBRA insurance payments through that period, to allow Mr. Figueroa remain in the house the Company provided for him through the end of the lease on April 30, 2001, to provide Mr. Figueroa a moving allowance of $7,500 to relocate upon termination of the house lease, to allow Mr. Figueroa to retain the Company car previously provided to Mr. Figueroa through December 31, 2001, and to reimburse Mr. Figueroa for legal expenses in connection with the negotiation of the Transition Agreement, of up to $8,500.

DIRECTOR COMPENSATION

The Company reimburses directors for travel and other out-of-pocket expenses incurred in attending Board meetings but no cash compensation is otherwise paid to directors.

In April 1999, the Board of Directors determined that it was in the best interests of the Company to adopt the Raining Data Corporation 1999 Stock Option Plan (the "1999 Plan") to consolidate options to be issued to directors, officers, key employees, consultants and advisors under a single option plan and to terminate the Director Plan, the 1993 Advisors Plan and the 1996 Stock Option Plan, except as to warrants and options then issued and outstanding under such plans. The Board of Directors adopted the 1999 Plan and 1,500,000 shares of the common stock of the Company were reserved for issuance under the 1999 Plan. The stockholders of the Company approved the 1999 Plan during the 1999 Annual

Stockholders' Meeting. At the 2000 Annual Stockholders' Meeting the number of shares under the 1999 Plan was increased to 5,000,000.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of June 28, 2001, certain information with respect to the beneficial ownership of the Company's voting securities by (i) any person (including any "group" as that term is used in Section 13 (d) (3) of the Exchange Act) known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities, (ii) each director, (iii) each of the Named Executive Officers, and (iv) all directors and executive officers of the Company as a group. As of June 28, 2001, there were 300,000 and 16,019,546 shares of issued and outstanding preferred stock and common stock respectively.

Name and Address(1)	Number of Shares of Preferred Stock(2)	Percent of Total of Preferred Stock(2)	Number of Shares of Common Stock	Perc Tot Co St
Astoria Capital Partners L.P.(3) 6600 92nd Avenue, S.W. Portland, OR 97223	300,000	100.0%	10,057,396	
Philip and Debra Barrett Trust(4) P.O. Box 3730 Salem, OR 97302			1,680,000	
Gil Figueroa(5)			794,290	
Gerald F. Chew(6)			127,658	
Gwyneth M. Gibbs(7)			152,079	
Douglas G. Marshall(8)			127,658	
Geoffrey P. Wagner(9)			2,310,000	
Bryan Sparks(10)			32,275	
Bryce J. Burns(11)			49,198	
Richard K. Lauer(12)			91,648	
Timothy J. Holland(13)			208,755	
Mario I. Barrenechea(14)			91,648	
Scott K. Anderson, Jr.(15)			61,099	
James Dorst(16)			--	
All Directors and Executive Officers as a group (11 persons)(17)			4,046,308	

* Represents less than 1%

(1) Except as otherwise indicated below, the Company believes the persons whose names appear in the table above have sole voting and investment power with respect to all shares of stock shown as beneficially owned by them, subject to community property laws, where applicable.

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(2) "Preferred Stock" refers to the Series A Convertible Preferred Stock, which is convertible into 1.667 shares of common stock.

(3) Includes warrants to purchase 2,207,318 shares of common stock exercisable

within 60 days of June 28, 2001.

(4) Includes warrants to purchase 30,000 shares of common stock exercisable within 60 days of June 28, 2001.

(5) Includes options to purchase 30,550 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Figueroa.

(6) Represents warrants and options to purchase 127,658 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Chew.

(7) Includes options to purchase 51,947 shares of common stock exercisable within 60 days of June 28, 2001, held by Mrs. Gibbs.

(8) Represents warrants and options to purchase 127,658 shares of common stock exercisable within 60 days of June 30, 2001, held by Mr. Marshall.

(9) Includes warrants to purchase 4,167 shares of common stock exercisable within 60 days of June 30, 2001, held by Mr. Wagner, 25,833 shares of common stock owned by Mr. Wagner directly, 1,420,000 shares of common stock owned by Rockport Group LP, of which Mr. Wagner is the sole general partner, 850,000 shares of common stock owned by RCJ Capital Partners LP, of which Rockport Group LP is the sole general partner; Director Geoffrey P. Wagner is the sole general partner of Rockport Group LP, and 10,000 shares of common stock purchased on April 5, 1999 by a trust of which the reporting person's wife is the sole beneficiary; the reporting person disclaims beneficial ownership of such 10,000 shares except to the extent of his pecuniary interest in such shares.

(10) Represents options to purchase 32,275 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Sparks.

(11) Represents options to purchase 49,198 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Burns.

(12) Represents options to purchase 91,648 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Lauer.

(13) Includes options to purchase 81,465 shares of common stock exercisable within 60 days of June 28, 2001, held by Holland.

(14) Represents options to purchase 91,648 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Barrenechea.

(15) Represents options to purchase 61,099 shares of common stock exercisable within 60 days of June 28, 2001, held by Mr. Anderson.

(16) Mr. Dorst resigned from the Company in October 2000.

(17) Includes an aggregate of 749,313 shares of common stock issuable upon exercise of options or warrants exercisable within 60 days of June 30, 2001.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

On November 30, 2000, the Company acquired PickAX in which Astoria was a significant shareholder. As a condition of that acquisition, the Company assumed a note for approximately $18.5 million due to Astoria from PickAX, Inc. on that date.

On March 7, 2001, the Company entered into a Transition and Release Agreement (the "Transition Agreement") with Gil Figueroa in connection with his resignation as President and Chief Executive Officer of the Company on December 29, 2000. See "Employment Contracts".

Two limited partners in RCJ Capital Partners LP loaned the Company $550,000 in August 2000. The loans are for two years and bear annual interest at 4% payable semiannually. The notes provide for the automatic conversion of the principal and unpaid interest into shares of the Company's stock at a conversion price $6.17 at maturity in August 2002. Geoffrey P. Wagner, a director of the Company, is the sole general partner of Rockport Group LP, which is the sole general partner of RCJ Capital Partners LP.

A trust of which a stockholder of the Company is the trustee and beneficiary, loaned the Company $250,000 in September 2000. The loan is for two years and bears an annual interest at 10% payable quarterly.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

The following Consolidated Financial Statements of Raining Data Corporation and Subsidiaries and the Report of Independent Auditors are attached hereto beginning on pages F-1.

(a)(1) Consolidated Financial Statements:

Report of Independent Auditors

Consolidated Balance Sheets as of March 31, 2001 and March 31, 2000

Consolidated Statements of Operations for fiscal years ended March 31, 2001 and 2000

Consolidated Statements of Cash Flows for fiscal years ended March 31, 2001 and 2000

Consolidated Statements of Stockholders' Equity (Deficit) for fiscal years ended March 31, 2001 and 2000

Notes to Consolidated Financial Statements

(a)(2) Exhibits

EXHIBIT	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of August 23, 2000, by and among the Registrant, Raining Merger Sub, Inc., PickAX, Inc. and Gilbert Figueroa (included as Appendix A to the Registrant's Definitive Proxy Statement filed with the Commission on November 16, 2000 and incorporated herein by reference)
2.2	Merger Agreement dated as of August 23, 2000 by and among the Registrant, PickAX, Inc., Gilbert Figueroa, and Raining Merger Sub, Inc. (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on November 6, 2000 and incorporated herein by

reference)

2.3	Asset Purchase Agreement by and among the Registrant, the Wainer Group, Dirk Wainer, Shirley-Anne Wainer, Dennis Janossich and Joseph Bernard as to all matters, and Paradigm Designs Software Pty Ltd., as to certain matters dated as of May 19, 2000 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on August 10, 2000 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation dated September 17, 1997, as amended and corrected of the Registrant (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on June 16, 1998 and incorporated herein by reference)
3.2	Certificate of Amendment of Certificate of Incorporation of the Registrant dated February 9, 1999 (included as Exhibit 3.2 to the Registrant's Form 10-KSB filed with the Commission on July 7, 1999 and incorporated herein by reference)
3.3	Certificate of Designation dated March 31, 1999, as corrected (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
3.4	Certificate of Amendment of Restated Certificate of Incorporation of the Registrant dated November 29, 2000 (included as Exhibit 3.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
3.5	Bylaws dated August 7, 1987, as amended (included as Exhibit 3.3 to the Registrant's Form 10-KSB filed with the Commission on June 29, 1998 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
4.1	Registration Rights Agreement by and among the Registrant, Pamela Conrad, Donald D. Durr, Lee Summers, Robert J. Rosenberg, Gil Figueroa, Michael E. McGoey, Gerald L. Cohn and Timothy Holland dated as of November 30, 2000 (included as Exhibit 4.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.2	Note and Warrant Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as of November 30, 2000 (included as Exhibit 4.2 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.3	Secured Promissory Note issued by the Registrant to Astoria Capital Partners, L.P. dated November 30, 2000 (included as Exhibit 4.3 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.4	Common Stock Purchase Warrant issued by the Registrant to Astoria Capital Partners, L.P. dated November 30, 2000 (included as Exhibit 4.4 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)

4.5	Second Amendment to Credit Facility Agreement, Promissory Note and Non-Transferable Warrant by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 21, 1999, as amended April 30, 2000 (included as Exhibit 4.5 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.6	Common Stock Purchase Agreement - Cash Purchase, by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 4, 2000 (included as Exhibit 4.1 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.7	Common Stock Purchase Agreement - PickAX Note, by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 4, 2000 (included as Exhibit 4.2 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.8	Common Stock Purchase Agreement - Individual, by and between the Registrant and Harry Augur dated as of December 4, 2000 (included as Exhibit 4.3 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.9	Common Stock Purchase Agreement - Individual, by and between the Registrant and Robert van Roijen dated as of December 4, 2000 (included as Exhibit 4.4 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
4.10	Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of December 4, 2000 (included as Exhibit 4.5 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
10.1	At-Will Employment Agreement between the Registrant and James Dorst dated as of November 23, 1999 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2000 and incorporated herein by reference)
10.2	Stock Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as of March 31, 1999 (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.3	Common Stock Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as March 31, 1999 (included as Exhibit 10.2 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.4	Common Stock Purchase Agreement by and between the Registrant and Gwyneth Gibbs dated as of March 31, 1999 (included as Exhibit 10.3

to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)

10.5	Common Stock Purchase Agreement by and between the Registrant and Philip and Debra Barrett Charitable Remainder Trust dated as of March 31, 1999 (included as Exhibit 10.4 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.6	Common Stock Purchase Agreement by and between the Registrant and RCJ Capital Partners, L.P. dated as of March 31, 1999 (included as Exhibit 10.5 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.7	Common Stock Purchase Agreement by and between the Registrant and Rockport Group, L.P. dated as of March 31, 1999 (included as Exhibit 10.6 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.8	Incentive Stock Option Agreement by and between the Registrant and Bryce Burns dated as of February 14, 2000 (included as Exhibit 10.15 to the Registrant's Form 10-KSB/A filed with the Commission on July 31, 2000 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
10.9	Form of Employment Agreement by and between the Registrant and each of Mssrs. Figueroa, Lauer, Holland, Barrenechea and Anderson (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
10.10	Nonincentive Stock Option Agreement by and between the Registrant and Bryan Sparks dated as of August 14, 2000 (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.11	Amended and Restated Nonincentive Stock Option Agreement by and between the Registrant and Bryce J. Burns dated as of February 14, 2000 (included as Exhibit 10.2 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.12	Nonincentive Stock Option Agreement by and between the Registrant and Bryce J. Burns dated as of September 22, 2000 (included as Exhibit 10.3 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.13	Form of Promissory Note dated September 28, 2000, issued by the Registrant to The Philip and Debra Barrett Charitable Remainder Trust (included as Exhibit 10.4 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.14	Form of Note Purchase Agreement and Form of Nonsecured Convertible Promissory Note dated as of August 23, 2000, respectively, issued by

the Registrant to three lenders (included as Exhibit 10.5 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)

10.15*	Transition Agreement and Releases by and between the Registrant and Gilbert Figueroa dated as of March 7, 2001.
10.16*	Service Agreement by and between the Registrant and Gwyneth Gibbs dated April 1, 2000.
10.17	Omnis Technology Corporation 1999 Stock Option Plan and Form of Option Agreement (included as Exhibit 10.24 to the Registrant's Annual Report on Form 10-KSB/A filed with the Commission on July 29, 1999 and incorporated herein by reference)
10.18	Omnis Technology Corporation Amended 1999 Stock Option Plan (included as Appendix A to the Registrant's Definitive Proxy Statement filed with the Commission on October 10, 2000 in connection with the October 23, 2000 Annual Meeting of Stockholders of the Registrant and incorporated herein by reference)
21.1*	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
24.1*	Power of Attorney

* Previously filed with Commission.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of March 2002.

RAINING DATA CORPORATION

By: /s/ SCOTT K. ANDERSON, JR.

Scott K. Anderson, Jr.
Vice President, Finance
Treasurer, and Corporate Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURES	TITLE:	
/s/ CARLTON H. BAAB Carlton H. Baab	President, Chief Executive Officer and Director (Principal Executive Officer)	March 20, 2002 (Date)
/s/ SCOTT K. ANDERSON JR. Scott K. Anderson Jr.	Vice President of Finance, Treasurer and Corporate Secretary (Principal Financial and Accounting Officer)	March 20, 2002 (Date)
/s/ GEOFFREY P. WAGNER* Geoffrey P. Wagner	Director	March 20, 2002 (Date)
/s/ GERALD F. CHEW* Gerald F. Chew	Director	March 20, 2002 (Date)
/s/ DOUGLAS G. MARSHALL* Douglas G. Marshall	Director	March 20, 2002 (Date)
/s/ BRYCE J. BURNS* Bryce J. Burns	Director	March 20, 2002 (Date)
/s/ BRYAN SPARKS* Bryan Sparks	Director	March 20, 2002 (Date)

*By: /s/ SCOTT K. ANDERSON, JR.

Scott K. Anderson, Jr.
Attorney-in-fact

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
Raining Data Corporation

We have audited the accompanying consolidated balance sheets of Raining Data Corporation and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended March 31, 2001. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide 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 Raining Data Corporation and subsidiaries as of March 31, 2001 and 2000, and the results of their operation and their cash flows for each of the years in the two-year period ended March 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Costa Mesa, California
March 20, 2002

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2001 and 2000

	Restated 2001	2000
ASSETS		
Current Assets		
Cash	$ 2,424,000	$ 1,23
Trade Accounts Receivable, less allowance for doubtful accounts of $156,000 in 2001 and $179,000 in 2000	2,502,000	59
Other Current Assets	263,000	42
Total Current Assets	5,189,000	2,25
Property, Furniture and Equipment-net	1,403,000	92
Intangible Assets, less accumulated amortization of $1,096,000	11,384,000	
Goodwill, less accumulated amortization of $3,141,000	34,610,000	
Other Assets	269,000	
Total Assets	$ 52,855,000	$ 3,17
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	$ 1,733,000	$ 46
Accrued Liabilities	3,094,000	59
Deferred Revenue	3,274,000	20
Current Portion of Long-Term Debt	328,000	5
Note Payable to Stockholder	--	2,02
Total Current Liabilities	8,429,000	3,34
Long-Term Debt, net of current portion	15,758,000	
Total Liabilities	24,187,000	3,34
Commitments and contingencies		
Stockholders' Equity (Deficit)		
Series A Convertible Preferred Stock: $1.00 par value; 300,000 shares authorized, issued, and outstanding; liquidation preference of $500,100	300,000	30
Common Stock: $0.10 par value; 30,000,000 shares authorized, 15,716,090 issued, and outstanding at March 31, 2001; 10,035,238 issued and outstanding at March 31, 2000	1,572,000	1,00
Additional Paid-in Capital	91,921,000	50,37
Deferred Stock-Based Compensation	(2,073,000)	(2,04
Accumulated Other Comprehensive Income	1,216,000	28
Accumulated Deficit	(64,268,000)	(50,08
Total Stockholders' Equity (Deficit)	28,668,000	(16
Total Liabilities and Stockholders' Equity (Deficit)	$ 52,855,000	$ 3,17

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED MARCH 31, 2001 and 2000

	Restated 2001	2000
Net Revenue		
License	$ 6,194,000	$ 4,998,000
Service	3,125,000	1,212,000
Total Net Revenue	9,319,000	6,210,000
Cost of Revenue		
Cost of License Revenue	302,000	195,000
Cost of Service Revenue	1,664,000	277,000
Total Cost of Revenue	1,966,000	472,000
Gross Profit	7,353,000	5,738,000
Cost of Operations		
Selling and Marketing	5,599,000	3,221,000
Research and Development	3,922,000	2,287,000
General and Administrative	4,237,000	3,712,000
Stock-based Compensation	1,755,000	1,092,000
Amortization of Goodwill and Intangible Assets	4,239,000	--
Total Operating Expense	19,752,000	10,312,000
Operating Loss	(12,399,000)	(4,574,000)
Other Income (Expense)		
Interest Expense-net	(1,317,000)	(124,000)
Other Income (Expense)	(470,000)	2,000
	(1,787,000)	(122,000)
Net Loss	$(14,186,000)	$ (4,696,000)
Basic and Diluted Net Loss Per Share	$ (1.21)	$ (0.48)

Shares used in computing basic and diluted net loss per share	11,764,955	9,768,440

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDING MARCH 31, 2001 and 2000

	RESTATED 2001
Cash Flows From Operating Activities	
Net Loss	$(14,186,000)
Adjustments to Reconcile Net Loss to Net Cash Used In Operating Activities:	
Depreciation and Amortization	4,705,000
Accretion of Debt Discount	908,000
Stock-Based Compensation	1,755,000
Common Stock Exchange for Incomplete Software	900,000
Change in Assets and Liabilities:	
Trade Accounts Receivable	1,624,000
Other Assets	352,000
Accounts Payable and Accrued Liabilities	(2,901,000)
Deferred Revenue	1,268,000
Net Cash Used In Operating Activities	(5,575,000)
Cash Flows from Investing Activities	
Purchase of Property, Furniture, Equipment	(362,000)
Acquisition of Pick Ax, Inc. net of cash acquired	(279,000)
Net Cash Used in Investing Activities	(641,000)
Cash Flows from Financing Activities	
Proceeds from Exercise of Stock Options	418,000
Net Proceeds from Issuance of Stock	4,043,000
Proceeds from Issuance of Debt	2,000,000
Repayment of Debt	(120,000)
Net Cash Provided By Financing Activities	6,341,000

Effect of exchange rates changes on cash	1,061,000
Net Increase in Cash	1,186,000
Cash at the Beginning of Period	1,238,000
Cash at End of Period	$ 2,424,000
Schedule of Non Cash Investing and Financing Activities	
Issuance of Debt, Common Stock, Warrants and Stock Options and Assumption of Net Tangible Liabilities in Connection with the Acquisition of Pick Ax, Inc.	36,246,000
Conversion of Debt to Common Stock in Private Placement	4,148,000

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED MARCH 31, 2001 (RESTATED) and 2000
(in thousands, except share amounts)

	Series A Convertible Preferred Stock		Comm
	Shares	Amount	Shares
Balances March 31, 1999	300,000	$ 300	9,679,8
Common Stock Options Exercised			10,0
Common Stock Issued			345,3
Stock Options Granted			
Net Loss			
Foreign Currency Translation Adjustments			
Comprehensive Loss			
Balances March 31, 2000	300,000	$ 300	10,035,2
Common Stock Options and Warrants Exercised			362,3
Acquisition of PickAX:			
Issuance of common stock			2,563,1
Conversion of debt to common stock			645,4
Issuance of stock warrants			

Issuance of stock warrants in connection with the issuance of debt			
Issuance of stock options			
Private placement to Astoria on December 4, 2000:			
Issuance of common stock, net of issuance costs			991,8
Conversion of debt to common stock			1,005,5
Issuance of common stock in connection with the purchase of incomplete software			112,5
Common Stock Options Granted			
Stock Options Cancelled			
Net Loss			
Foreign Currency Translation Adjustments			
Comprehensive Loss			
Balances March 31, 2001	300,000	$ 300	15,716,0

	Deferred Stock-Based Compensation	Accumulated Other Comprehensive Income	Accum Def
Balances March 31, 1999	$ --	$201	$(
Common Stock Options Exercised			
Common Stock Issued			
Common Stock Options Granted	(3,137)		
Stock-Based Compensation	1,092		
Net Loss			
Foreign Currency Translation Adjustments		85	
Comprehensive Loss			
Balances March 31, 2000	(2,045)	286	
Common Stock Options and Warrants Exercised			
Acquisition of PickAX:			
Issuance of common stock			
Conversion of debt to common stock			
Issuance of stock warrants			
Issuance of stock warrants in connection with the issuance of debt			
Issuance of stock options	(1,381)		
Private placement to Astoria on December 4, 2000:			
Issuance of common stock, net of issuance costs			
Conversion of debt to common stock			
Issuance of common stock in connection with the purchase of incomplete software			
Common Stock Options Granted	(672)		
Stock-Based Compensation	1,755		
Stock Options Cancelled	270		
Net Loss			(14,1

Foreign Currency Translation Adjustments		930	
Comprehensive Loss			
Balances March 31, 2001	$(2,073)	$1,216	$(64,2

See accompanying notes to the consolidated financial statements.

RAINING DATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001 AND 2000

1. RESTATEMENT OF FINANCIAL STATEMENTS

Subsequent to the filing of its Annual Report on Form 10-KSB for the year ended March 31, 2001 with the Securities and Exchange Commission, Raining Data Corporation (the Company) became aware of certain misapplications of accounting standards principally related to the accounting for its business combination with PickAX, Inc. (PickAX) under the purchase method in December 2000, the purchase of technology from a third party in May 2000 and the grant of options at below market exercise prices. The misapplications can be summarized as follows:

- In computing the purchase price, the Company used the fair value of its common stock around the date the merger agreement was signed to value common stock, warrants and options to purchase common stock exchanged for similar securities of PickAX. Portions of the merger consideration were, however, to be determined based upon subsequent negotiations between the Company and PickAX's controlling stockholder. These negotiations were completed on the closing date. As a result, the Company should have used the fair value of its common stock at the closing date to value stock-based merger consideration. In addition, the Company included certain shares and warrants that were contingently issuable based upon the amount of revenue reported by the combined company for the succeeding twelve months. Contingent consideration of this nature should not be included in the purchase price until the resolution of the contingency is determinable beyond a reasonable doubt.

- In connection with the merger with PickAX, a promissory note previously issued by PickAX to its controlling stockholder, Astoria Capital Partners, L.P. (Astoria), in the amount of $18,525,000 in principal and accrued interest was exchanged for a new promissory note from the Company in the same amount, and Astoria also received warrants to purchase an additional 500,000 shares of the Company's common stock at an exercise price of $7.00 per share. The additional warrants were valued using the Black-Scholes model. One of the assumptions used in the Company's Black-Scholes computation was that the term of the warrant was 2 years. The contractual term of the option is, in fact, 5 years and the full contractual term should

be used in the Black-Scholes calculation.

- The Company assigned the entire excess of the purchase price over the book value of the acquired net tangible assets to goodwill. The Company retained a valuation expert to determine the value of other identifiable intangible assets acquired in the PickAX acquisition. As a result, a portion of the purchase price should have been assigned to identifiable intangible assets, consisting principally of core technology and assembled workforce. These identifiable intangible assets will be amortized over periods ranging from 3 to 4 years. The Company has also reconsidered its determination of the amortization period for goodwill and retroactively reduced the period from 10 to 4 years. In addition, options to purchase PickAX common stock were assumed and converted in the merger into Company options to purchase common stock. A portion of the purchase price should have been allocated to unvested options whose exercise price was below the fair value of the underlying common stock on the closing date. The purchase price allocation should have also included an adjustment to reduce the carrying value of deferred revenue on the closing date balance sheet of PickAX for the theoretical seller's profit previously earned by the acquired company. The Company also recorded excess amounts for a number of facility closure, severance and litigation accruals as part of the purchase price allocation and these were subsequently released, in part, to income.

- In May 2000, the Company acquired the rights to certain incomplete software with no alternative future use with the intention to further develop it into a software product. The Company recorded the payments related to the incomplete software as an asset. The Company's policy for software development costs is to expense software development costs until technological feasibility has been achieved. In general, technological feasibility occurs near general release. Since this purchased software was incomplete and significant development efforts were required before it could be released, the amounts capitalized should have been expensed as incurred.

- At various dates during fiscal 2001, the Company granted options to purchase common stock to employees with an exercise price at a discount from the fair market value of the common stock on the date of grant. In addition, the Company accelerated vesting or extended the term of options held by terminated employees. In neither instance did the Company record deferred stock-based compensation or stock-based compensation.

Accordingly, the consolidated financial statements for fiscal 2001 have been restated as follows:

	As Reported	Restated
Net Revenue		
License	$ 6,285,000	$ 6,194,000
Service	4,562,000	3,125,000
Total Net Revenue	10,847,000	9,319,000

Total Costs and Expenses	18,281,000	21,718,000
Operating Loss	(7,434,000)	(12,399,000)
Total Other Expense	(1,440,000)	(1,787,000)
Net Loss	(8,874,000)	(14,186,000)
Basic and Diluted Net Loss Per Share	$ (0.75)	$ (1.21)
Shares Used in Computing Basic and Diluted Net Loss Per Share	11,832,099	11,764,955

2. ORGANIZATION

The Company was incorporated as Blyth Holding, Inc. under the laws of the State of Delaware in August 1987 pursuant to a reorganization of predecessor companies originally incorporated under the laws of England in 1983. The Initial Public Offering for the Company's stock took place in October 1987. In September 1997, the Company changed its name to Omnis Technology Corporation. In December 2000, the Company acquired PickAX. At the same time, the Company changed its name to Raining Data Corporation. The principal asset of PickAX is Pick Systems. PickAX acquired Pick Systems from the estate of Richard Pick, the founder, in March 2000. Pick Systems was incorporated in California in November 1982.

The Company's principal business is the design, development, sale, and support of two major software products: 1) Rapid Application Development (RAD) software tools and; 2) a multi-dimensional database management system. The Company's products are sold to in-house corporate development teams, commercial application developers, system integrators, independent software vendors, value added resellers and independent consultants. In addition to computer software products, the Company provides continuing maintenance and customer service contracts as well as professional services, technical support and training.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements of the Company follow:

PRINCIPLES OF CONSOLIDATION - The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

LICENSE AND SERVICE REVENUE - The Company recognizes revenue using the residual method pursuant to the requirements of Statement of Position No. 97-2, "Software Revenue Recognition" (SOP 97-2), as amended by Statement of Position No. 98-9, "Software Revenue Recognition with Respect to Certain Arrangements." Under the residual method, revenue is recognized in a multiple element arrangement when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one or more of the delivered elements in the arrangement. At the outset of the arrangement with the customer, the Company defers revenue for the fair value of its undelivered elements (e.g., maintenance) and recognizes revenue for the remainder of the arrangement fee attributable to the elements initially delivered in the arrangement (i.e., software license) when the basic criteria in SOP 97-2 have been met.

Under SOP 97-2, revenue attributable to an element in a customer arrangement is recognized when persuasive evidence of an arrangement exists and delivery has occurred, provided the fee is fixed or determinable, collectibility is probable and the arrangement does not require significant customization of the software. If at the outset of the customer arrangement, the Company determines that the arrangement fee is not fixed or determinable, the Company defers the revenue and recognizes the revenue when the arrangement fee becomes due and payable. The Company recognizes revenue from resellers upon sell-through to the end customer by the reseller.

Professional services, maintenance and other revenues relate primarily to consulting services, maintenance and training. Maintenance revenues are recognized ratably over the term of the maintenance contract, typically 12 months. Consulting and training revenues are recognized as the services are performed and are usually on a time and materials basis. Such services primarily consist of implementation services related to the installation of the Company's products and do not include significant customization to or development of the underlying software code.

COST OF LICENSE AND SERVICE REVENUE - Cost of license revenue is comprised of direct costs associated with software license sales including software packaging, documentation, and physical media costs. Cost of service revenue includes consulting, technical support, and training, which consist primarily of personnel related costs. Other costs specifically identifiable to the revenue source have been classified accordingly.

PROPERTY, FURNITURE AND EQUIPMENT - Property, furniture, and equipment are stated at historical cost. Equipment under capital lease is stated at the present value of minimum lease payments. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets and ranges from 2 to 5 years. Equipment held under capital leases and leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF - Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets, excluding enterprise, goodwill, are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of fair value less costs to sell. The Company assesses the recoverability of enterprise goodwill by determining whether the amortization of the balance over its remaining life can be recovered through undiscounted future operating cash flows. The assessment of the recoverability of such assets will be impacted if estimated future operating cash flows are not achieved.

CAPITALIZED SOFTWARE DEVELOPMENT COSTS - Costs for the development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized until the software is available for general release to customers. The Company does not currently have any software development costs capitalized because management believes software is available for general release concurrently with the establishment of technological feasibility.

GOODWILL AND INTANGIBLE ASSETS - Goodwill, which represents the excess of purchase price over fair value of identifiable net assets acquired, is amortized on a straight-line basis over a period of 4 years. Other intangible assets are amortized over their expected lives of 3 to 4 years.

INCOME TAXES - Income taxes are accounted for under the asset and liability method. Deferred tax assets, when their realization is more likely than not, and liabilities are recognized for the future tax consequences attributable to differences between the deferred tax 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

FAIR VALUE OF FINANCIAL INSTRUMENTS - The Company's consolidated balance sheet includes the following financial instruments: cash, accounts receivable, accounts payable, accrued liabilities, amounts due to stockholders, and notes

payable. The Company considers the carrying amount in the financial statements to approximate fair value for these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The Company considers the carrying value of its notes payable to approximate fair market value based on the borrowing rates that would be available to the Company for bank loans with similar terms and maturities.

STOCK-BASED COMPENSATION - The Company applies the intrinsic value-based method to account for its fixed stock-based awards. Under this method, deferred stock-based compensation is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. Deferred stock-based compensation is then amortized using the straight-line method over the vesting term of the underlying option. The Company uses the fair value method based upon the Black-Scholes model to account for stock-based awards to nonemployees. A final measurement date for these awards is established when they vest.

NET LOSS PER SHARE - The Company computes basic loss per share using the net loss and the weighted average number of common shares outstanding during the period. Dilutive loss per share is computed using the net loss and the weighted average number of common shares and dilutive potential common shares outstanding during the period. Dilutive common shares include outstanding employee stock options and warrants to purchase common stock. There were 2,980,591 and 1,636,359 outstanding options to purchase shares of the Company's common stock with an exercise price from $0.72 to $52.50 per share as of March 31, 2001 and March 31, 2000, respectively. Warrants to purchase 2,086,689 and 152,970 shares of the Company's common stock with exercise prices ranging from $0.72 to $33.75 per share were outstanding at March 31, 2001 and March 31, 2000. The total of these items were not included in the computation of diluted earnings per share because their effect was antidilutive.

CONCENTRATION OF CREDIT RISK - The Company supports computer software systems worldwide in diversified industries, primarily through system integrators and value added resellers. On an ongoing basis the Company performs credit evaluations of its customers financial condition and generally requires no collateral. No single customer accounted for more than 10% of revenues during the fiscal year ended March 31, 2001. In the fiscal year ended March 31, 2000, one customer in the United States accounted for approximately 19% of revenue.

ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOREIGN CURRENCY TRANSLATION - The financial position and results of operations of the Company's foreign subsidiaries are determined using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income (loss) in stockholders' equity (deficit). Gains and losses resulting from foreign currency transactions and translation adjustments relating to foreign entities deemed to be operating in U.S. dollar functional currency in highly inflationary economies are included in earnings.

COMPREHENSIVE INCOME (LOSS) - Comprehensive income (loss) encompasses all changes in equity other than those with stockholders and consists of net loss and foreign currency translation adjustments. The Company does not provide for U.S. income taxes on foreign currency translation adjustments since it does not provide for such taxes on undistributed earnings of foreign subsidiaries.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2001, the FASB issued SFAS No. 141, Business Combinations, (SFAS No. 141) and SFAS No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. SFAS No. 141 specifies criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. SFAS No. 142 will require that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121 and subsequently, SFAS No. 144 after its adoption.

The Company adopted the provisions of SFAS No. 141 as of July 1, 2001, and SFAS No. 142 is effective for the Company on April 1, 2002. Goodwill and intangible assets determined to have an indefinite useful life acquired in a purchase business combination completed after June 30, 2001, but before SFAS No. 142 is adopted in full, are not amortized. Goodwill and intangible assets acquired in business combinations completed before July 1, 2001 continued to be amortized and tested for impairment prior to the full adoption of SFAS No. 142.

Upon adoption of SFAS No. 142, the Company is required to evaluate its existing intangible assets and goodwill that were acquired in purchase business combinations, and to make any necessary reclassifications in order to conform with the new classification criteria in SFAS No. 141 for recognition separate from goodwill. The Company will be required to reassess the useful lives and residual values of all intangible assets acquired, and make any necessary amortization period adjustments by the end of the first interim period after adoption. If an intangible asset is identified as having an indefinite useful life, the Company will be required to test the intangible asset for impairment in accordance with the provisions of SFAS No. 142 within the first interim

period. Impairment is measured as the excess of carrying value over the fair value of an intangible asset with an indefinite life. Any impairment loss will be measured as of the date of adoption and recognized as the cumulative effect of a change in accounting principle in the first interim period.

In connection with SFAS No. 142's transitional goodwill impairment evaluation, the Statement requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of April 1, 2002. The Company will then have up to six months from April 1, 2002 to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. To the extent the carrying amount of a reporting unit exceeds the fair value of the reporting unit, an indication exists that the reporting unit goodwill may be impaired and the Company must perform the second step of the transitional impairment test. The second step is required to be completed as soon as possible, but no later than the end of the year of adoption. In the second step, the Company must compare the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which would be measured as of the date of adoption. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with SFAS No. 141. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations.

As of the date of adoption of SFAS No. 142, the Company expects to have unamortized goodwill in the amount of $36,833,000 and unamortized identifiable intangible assets in the amount of $12,480,000, all of which will be subject to the transition provisions of SFAS No. 142. Amortization expense related to goodwill was $3,066,000 for the year ended March 31, 2001. Because of the extensive effort needed to comply with adopting SFAS No. 141 and No. 142, it is not practicable to reasonably estimate the impact of adopting the Statements on the Company's consolidated financial statements at the date of this report, including whether it will be required to recognize any transitional impairment losses as the cumulative effect of a change in accounting principle.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143). SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on April 1, 2003, but does not expect adoption to have a material effect on its financial condition or results of operations.

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or

Disposal of Long-Lived Assets (SFAS No. 144). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS No. 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company is required to adopt SFAS No. 144 on April 1, 2002. The Company has not yet determined the effect, if any, from the adoption of SFAS No. 144 on its financial condition and results of operations.

4. PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment at March 31 consisted of: (in thousands)

	2001	2000
Land and Buildings	$ 607	$ 684
Office Equipment, Furniture and Fixtures	5,091	2,998
Automobiles	14	--
Total	5,712	3,682
Accumulated depreciation and amortization	(4,309)	(2,759)
	$ 1,403	$ 923

5. BUSINESS ACQUISITION

On December 1, 2000, the Company completed its acquisition of PickAX, Inc.,

(PickAX) the parent company of Pick Systems. Accordingly, the consolidated financial statements presented herein for the year ended March 31, 2001 include only the four months of activity for PickAX since the date of acquisition. Pick Systems was formed in 1982 and markets a multi-dimensional database management system, which includes a set of traditional 3rd generation software development tools.

The consideration paid by the Company to PickAX stockholders in connection with the purchase consisted of approximately 2,563,172 newly issued shares of the Company's common stock in exchange for all of the outstanding stock of PickAX. An additional 284,797 shares were provided for potential issuance in the event that revenue of the combined companies reached certain specified levels by December 31, 2001; however, such revenue targets were not achieved. In addition, the Company assumed pre-existing PickAX employee stock options for 3,022,000 shares of PickAX common stock, which options were exchanged for options for the purchase of 1,538,673 shares of the Company's common stock at an equivalent option exercise price. The Company also agreed to issue warrants for 1,981,218 shares of the Company's common stock in exchange for pre-existing warrants for 4,323,500 shares of PickAX common stock. An additional 220,135 warrants were provided to be issued in the event that revenue of the combined companies reached certain specified levels by December 31, 2001; however, such revenue targets were not achieved.

All of these exchanges in the acquisition were based upon a negotiated exchange ratio of 0.50916 shares of the common stock of the Company for each one share of PickAX common stock. In addition, a convertible promissory note previously issued by PickAX to Astoria Capital Partners, L.P. (Astoria) in the amount of $18,525,000 in principal and accrued interest was exchanged for a new nonconvertible promissory note made by the Company in the same amount, and Astoria also received warrants to purchase an additional 500,000 shares of the Company's common stock at an exercise price of $7.00 per share. The debt was recorded at its fair value of $18,525,000 and the additional warrants were valued at $4,960,000 using the Black-Sholes option pricing model and recorded as a discount against the note. As a result, the debt is recorded at a discount from its face amount and it is being accreted to its maturity value using the interest method.

As a condition to closing the acquisition, the Company was required to negotiate the terms and effect the conversion of its $3,000,000 note payable to Astoria the controlling stockholder of PickAX and a significant stockholder of the Company. The final terms of this conversion were established on November 30, 2001, when Astoria, through the exercise of a stock warrant effectively converted the note with a principal and accrued interest balance of $3,227,000 into 645,467 shares of common stock. Because this conversion was an integral part of the merger agreement and the terms were not established until just prior to the closing, the shares issued by the Company in the acquisition were valued at $4.13 per share, the fair value of the Company's common at and just prior to the closing date. The value of the shares reserved by the Company for the PickAX options and warrants was $3.95 per share using the Black-Scholes option model for unvested options and warrants and the intrinsic value method for vested options.

An independent valuation of the intangible assets acquired was performed and the

purchase price was allocated as follows:

Net tangible liabilities acquired	(13,986,000)
Assembled workforce	2,080,000
Installed base	10,400,000
Goodwill	37,752,000
Total cost of acquisition	36,246,000

The summarized unaudited pro forma consolidated results of operations presented below reflects the effect of the acquisition as if it had occurred at the beginning of the periods presented. The summarized unaudited pro forma consolidated results of operations are not necessarily indicative of operating results which would have been achieved had the acquisition been consummated at the beginning of the periods presented and should not be construed as representative of future operations.

	Years Ended March 31,	
	2001	2000
	(in thousands)	
Revenue	20,743	23,544
Net Loss	(30,257)	(41,953)
Net Loss per Share	$(3.35)	$(2.96)

6. OTHER CURRENT ASSETS

Other current assets at March 31 consisted of: (in thousands)

	2001	2000
Prepaid Expenses	167	194
Other Current Assets	96	229
Total Other Current Assets	$263	$423

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7. LONG-TERM DEBT

Long-term debt at March 31 consisted of: (in thousands)

	2001	2000
Capital Lease Obligations	$ 157	$ 29
Note Payable and Accrued Interest-Astoria Less Unamortized Discount	14,855	2,028
Notes Payable and Accrued Interest-Other Stockholders	768	--
Note Payable to Individual, maturing September 30, 2002, bearing interest at 10%	250	--
Note Payable to General Automation	108	--
Notes Payable and Accrued Interest-Others	120	27
Total	16,086	2,084
Less Current Portion of Long-Term Debt	(328)	(2,084)
Long-Term Debt	$ 15,758	$ --

The note payable to Astoria is for $18,525,000 plus accrued interest at 8% per annum of $492,000 at March 31, 2001 (effective rate including accretion of discount is 23%). The note is secured by all the tangible and intangible assets of the Company. The principal and all accrued interest are payable at maturity in November 2002.

Notes payable to other stockholders are unsecured and consist of:

(a) Notes payable for $750,000 accruing interest at 4% per year, are all due and payable upon maturity in August 2002. They may be converted to shares of the common stock of the Company at $6.17 per share at any time.

(b) Notes payable for $250,000 at 10% interest per year, payable quarterly, due and payable in September 2002.

8. SERIES A CONVERTIBLE PREFERRED STOCK

The Company had 300,000 outstanding shares of Series A convertible preferred stock (Series A) authorized, issued and outstanding at March 31, 2001 and 2000. Holders of Series A are entitled to that number of votes equal to the number of shares of common stock into which Series A is then convertible. Dividends are paid at the option of the Board of Directors at the rate of $0.125 per share per annum, in preference to all other stockholders. Preferred stock ranks senior to the Company's common stock as to liquidation rights. Each share of preferred stock may be converted at the option of the holder into 1.667 shares of common stock. In effecting the conversion, any unpaid dividends on the preferred stock shall be disregarded. No dividends have been declared on the preferred stock since its issuance.

9. WARRANTS

During April 1999, the 1993 Directors' Warrant Plan and the 1993 Advisors' Plan were terminated, except as such Plans apply to any warrants then outstanding under such Plans.

The following table summarizes the warrants outstanding, excluding the 2,481,218 warrants issued by the Company in connection with its acquisition of PickAX at exercise prices ranging from $2.46 to $7.00:

	Warrants	Exercise Price	Weighted Average Remaining Contractual Life (Years)
Warrants outstanding at March 31, 1999	183,729	$0.718 - $58.50	2.86
Granted	--		
Exercised	--		
Cancelled	(30,759)	$ $58.50	
Warrants outstanding at March 31, 2000	152,970	$ $33.75	1.91
Granted	--		
Exercised	(25,833)	$0.718	
Cancelled	(21,666)	$ $10.94	
Warrants outstanding at March 31, 2001	105,471	$ $33.75	0.98

The warrants expire at various dates to 2003. At March 31, 2001, there were 105,471 warrants exercisable at a weighted average exercise price of $5.74.

As part of the acquisition of PickAX, the Company assumed the warrant obligations for PickAX stock after adjusting both the option price and shares under option for the conversion ratio of 0.50916, which was the same ratio used for acquiring the PickAX common stock. All the PickAX warrants are for a term of five years from the date of grant. At March 31, 2001 there were 1,981,218 warrants outstanding for shares of Raining Data Corporation common stock at an exercise price of $2.46 and $2.95 per share, expiring at various dates through .

10. STOCK OPTIONS

In 1987, the Company adopted a stock option plan (1987 Plan) pursuant to which the Board of Directors may grant stock options to directors, officers, key employees and consultants. The 1987 Plan had a ten-year term which expired in 1997. Options granted and outstanding under the 1987 Plan remain outstanding until either exercised by the holder, cancelled when the holder terminates employment or until the 10-year term of the option expires. In anticipation of the termination of the 1987 Plan, the stockholders of the Company approved the 1996 Stock Plan (1996 Plan). Collectively, the 1987 Plan and the 1996 Plan are hereafter referred to as the Plans.

In April 1999, the Company adopted a new stock option plan (1999 Plan) and merged it with the existing Plans. In conjunction with the adoption of the 1999 Plan, the Company terminated the Directors' Plan, the Advisors' Plan and the 1996 Plan, except as to options then issued and outstanding as to such plans. The 1999 Plan authorizes grants of options to purchase up to 5,000,000 shares of authorized but unissued common stock. Stock options are generally granted with an exercise price equal to the stock's fair market value at the date of grant. All options under the 1999 Plan have ten-year terms and generally vest ratably over a period of three to four years. As of March 31, 2001, there were 3,153,675 shares available for future option grants under the 1987 Plan, 1996 Plan and 1999 Plan.

Pro forma information assuming the Company had accounted for stock options granted under the fair value method prescribed by SFAS 123 is presented below. The per share weighted-average fair value of stock options granted for the years ended March 31, 2001 and 2000 was $4.94 and $2.47, respectively, as estimated using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0% in 2001 and 2000; expected volatility of 180% in 2001 and 2000; risk-free interest rate of 4.86% and 3.87% in 2001 and 2000, respectively; and expected life of 4 years for 2001 and 2000 grants.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's historical and pro forma net loss per share for the years ended March 31, 2001 and 2000 are as follows:

	2001	2000
Net loss:		
As reported	$(14,186,000)	$(4,696,000)
Pro forma	$(16,331,000)	$(5,522,000)
Basic and diluted net loss per share:		
As reported	$ (1.21)	$ (0.48)
Pro forma	$ (1.39)	$ (0.57)

A summary of changes in common stock options is as follows:

Weighted

	Shares	average exercise price per share
Options outstanding as of March 31, 1999	635,599	$ 2.11
Granted	1,290,300	$ 6.32
Cancelled	(259,450)	$ 1.09
Exercised	(10,090)	$ 0.89
Options outstanding as of March 31, 2000	1,656,359	$ 4.22
Granted	924,400	$ 4.97
Assumed in acquisition of PickAX	1,538,673	$ 2.95
Cancelled	(804,877)	$ 9.12
Exercised	(333,964)	$ 1.15
Options outstanding as of March 31, 2001	2,980,591	$ 4.33

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The following table presents information about outstanding stock options as of March 31, 2001:

		Weighted average		Options vested and exercisable	
Range of Exercise Price	Options Outstanding	Exercise Price	Contractual Life	Number of Options	Exercise Price
$0.75 - 0.78	31,830	$ 0.75	7.13	17,403	$ 0.75
$1.02 - 3.88	1,785,278	$ 2.70	8.19	778,757	$ 2.63
$4.09 - 8.50	936,996	$ 4.88	9.81	42,527	$ 5.52
$10.42 - 23.75	208,758	$12.94	8.71	81,990	$13.09
$33.13 - 52.50	17,729	$37.19	2.61	17,729	$37.19
$0.75 - 52.50	2,980,591	$ 4.33	9.27	938,406	$ 4.29

The Company had $2,073,000 and $2,045,000 of deferred stock option compensation related to employee stock options as of March 31, 2001 and 2000, respectively, and recognized stock-based compensation expense of $1,755,000 and $1,092,000 during the years ended March 31, 2001 and 2000, respectively, as a result of granting stock option with exercise prices below the estimated fair value of the Company's common stock at the date of grant. Deferred stock option compensation has been presented as a component of stockholders' equity and is being amortized

as a charge to expense over the vesting period of the applicable options.

On August 14, 2000, the Company accelerated the vesting period for an option previously granted to an employee to purchase 96,825 shares of common stock in connection with his termination. Additionally, the Company extended the life of such option through March 31, 2001. Accordingly, the Company remeasured the option recording total compensation expense of $84,237 for the year ended March 31, 2001, which represents the intrinsic value of the options on the remeasurement date.

On January 31, 2001, the Company granted an option to purchase 5,000 shares of common stock at $6.50 per share to a nonemployee in exchange for services to develop a software application. As the option is fully vested at the time of grant, the Company recorded $36,782 of compensation expense in the period ended March 31, 2001. The fair value of the option was computed using the Black-Scholes model using an assumed volatility of 180%, a risk-free interest rate of 5.19%, a dividend rate of 0% and a 10 year life.

On March 7, 2001, the Company accelerated the vesting period for an option previously granted to an employee to purchase 30,550 shares of common stock in connection with the employee's termination. Additionally, the Company extended the life of such option through December 31, 2004. Accordingly, the Company remeasured the option recording total compensation expense of $80,346 for the year ended March 31, 2001, which represents the intrinsic value of the options on the remeasurement date.

On March 29, 2001, the Company granted an option to purchase 25,000 shares of common stock at $4.25 per share to a nonemployee in exchange for services to develop a software application. As the option is fully vested at the time of grant, the Company recorded $130,095 of compensation expense in the period ended March 31, 2001. The fair value of the option was computed using the Black-Scholes model using an assumed volatility of 180%, a risk-free interest rate of 4.98%, a dividend rate of 0% and a 10 year life.

11. INCOME TAXES

Due to the Company's operating losses, there were no current or deferred income taxes during any of the periods presented.

The foreign net loss before income taxes was approximately $1,170,000 and $607,000 in 2001 and 2000, respectively.

A reconciliation of the expected U.S. Federal tax expense (benefit) attributable

to income from continuing operations differed from the amounts computed by applying the statutory U.S. Federal statutory tax rate to pretax income from continuing operations as follows:

	2001	2000
Expected U.S. federal tax	(34.0)%	(34.0)%
State tax	(5.0)%	(4.1)%
Change in valuation allowance and effect of purchase accounting on deferred taxes	24.5%	19.7%
Effect of permanent differences and foreign losses	14.4%	15.1%
Other	.1%	3.3%
Actual effective tax rate	0.0%	0.0%

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Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Significant components of the Company's net deferred tax assets are as follows at March 31 (in thousands):

	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	$ 19,176	$ 14,764
Accruals and reserves recognized in different periods	4,068	3,221
Tax credits	1,426	788
Depreciation	--	703
Deferred tax liabilities:		
Purchased intangibles	(4,154)	
Depreciation	(1,058)	--
State income taxes	(658)	--
Total	30,540	19,476

Valuation allowance	(30,540)	(19,476)
Net deferred tax assets	$ --	$ --

Due to uncertainties surrounding the timing of realizing the benefits of its net favorable tax attributes in future tax returns, the Company has recorded a full valuation allowance against its net deferred tax assets at March 31, 2001 and 2000. The net change in the valuation allowance was an increase of $3,478,000 in 2001 and $923,000 in 2000.

Subsequently recognized tax benefits relating to the valuation allowance for purchased deferred tax assets as of March 31, 2001 will be allocated to goodwill.

At March 31, 2001, the Company had net operating loss carryforwards of $56.4 million for federal income tax purposes and $8.5 million for state tax purposes which expire at various dates through 2021. Any changes in ownership, as defined by section 382 of the Internal Revenue Code, may have limited the amount of net operating loss carryforwards used in any one year.

12. RETIREMENT PLANS

The Company sponsors a 401(k) Savings and Retirement Plan (the Plan) for substantially all of its employees in the United States of America. Employees meeting the eligibility requirements, as defined, may contribute specified percentages of their salaries. Under the Plan, which is qualified under Section 401(k) of the federal tax laws, the Company's Board of Directors, at its sole discretion, makes discretionary profit-sharing contributions at 50% of the employees' contributions up to 4% of the employees' total compensation, to the Plan. For the years ended March 31, 2001 and 2000, discretionary annual contributions of $46,800 and $3,000, respectively, were made to the Plan. The higher amount in the fiscal year ending March 31, 2001 reflects the increased number of employees in the Company following the acquisition of PickAX effective December 1, 2000.

The Company sponsors the Raining Data UK Limited Retirement Benefits Scheme (the RDUKL Plan) for substantially all of its employees in the United Kingdom. The RDUKL Plan provides retirement benefits upon attaining normal retirement age, and incidental benefits in the case of death or termination of employment prior to retirement. Raining Data UK contributes an amount ranging from 3% to 8% of each participant's compensation to fund such benefits. In addition, participants are entitled to make voluntary contributions under the RDUKL Plan. The Company contributed approximately $78,600 and $87,000 to the RDUKL Plan for the years ended March 31, 2001 and 2000, respectively.

RAINING DATA CORPORATION AND SUBSIDIARIES
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13. COMMITMENTS AND CONTINGENCIES

LEASES - The Company leases office space and certain equipment under noncancelable operating lease agreements with terms expiring through 2006. Additionally, the Company is obligated under capital leases covering certain equipment that expire in 2003.

At March 31, 2001 and 2000, the gross amount of equipment and related accumulated amortization recorded under capital lease arrangements were as follows:

	2001	2000
Equipment	255,000	147,000
Less: Accumulated amortization	(67,000)	(132,000)
	188,000	15,000

Rent expense related to operating these leases is recognized ratably over the entire lease term. The Company is required to pay property taxes, insurance and normal maintenance costs.

Future minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year and future minimum capital lease payments, as of March 31, 2001 are as follows: (in thousands)

Year Ending March 31,	Capital Leases	Operating Leases
2002	$115	$1,133
2003	58	1,066
2004	--	1,078
2005	--	1,108

2006	--	795
Total minimum lease payments	173	5,180
Less: Amount representing interest	(16)	
Present value of minimum capital lease payments	$157	

The total of minimum rentals to be received in the future under noncancelable subleases as of March 31, 2001 was $765,000.

Rent expense of $385,000 and $223,000 was incurred in 2001 and 2000, respectively. Amortization of assets held under capital leases is included with depreciation expense.

14. SEGMENT INFORMATION

The Company operates in a single reportable segment. International operations consist primarily of foreign sales offices selling software developed in the United States of America combined with local service revenue. The following table summarizes consolidated financial information of the Company's operations by geographic location:

(in thousands)

	North America	Europe/ Africa	Total
Fiscal Year 2001			
Net Revenue	$ 5,306	$ 4,013	$ 9,319
Operating Loss	11,530	(869)	(12,399)
Interest and other expense, net	(1,487)	(300)	(1,787)
Total assets	49,924	2,931	52,855
Depreciation and amortization expense	(4,531)	(174)	(4,705)
Net Loss	(13,017)	(1,169)	(14,186)
Fiscal Year 2000			
Net Revenue	$ 2,806	$ 3,404	$6,210
Operating Loss	(3,958)	(616)	(4,574)
Interest and other expense, net	(22)	(100)	(122)
Total assets	1,700	1,478	3,178
Depreciation and amortization expense	(155)	(186)	(341)
Net Loss	(3,980)	(716)	(4,696)

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No customer accounted for revenues in excess of 10% in 2001. One customer accounted for approximately 19% of revenues in 2000.

15. LITIGATION

COMPASS LITIGATION - Since 1994, the Company and Compass Software (Compass) have been in litigation over software copyright infringement and related claims in the courts of the State of Washington. The Company has generally prevailed in these matters. In the most recent action, the US District Court for the Western District of the State of Washington awarded statutory damages to the Company in the amount of approximately $150,000 in addition to injunctive relief and attorney fees from Compass. The Company obtained a motion for judgment to collect the $150,000 judgment awarded and for an additional $245,000 in legal fees. In February 2001, Earl Asmus, the principal in Compass, sued the Company in the Central District of California on a number of issues related to the State of Washington court proceedings. In early April 2000, the suit was dismissed; however, Mr. Asmus subsequently appealed the decision. In October 2001, the case was settled with no material effect on the Company's financial condition or results of operations.

PACE-NORTHERN IRELAND LITIGATION - In July 2000, Park Applications Computer Engineering, Ltd. (PACE) sued the Company in the Queen's Bench Division Company of the High Court of Justice in Northern Ireland. PACE sought damages of $800,000 plus penalties and interest for alleged breach of contract relating to the purchase by Pick Systems of software from PACE. In January 2002, the Company and PACE entered into a settlement agreement of the matter under which the Company agreed to pay $500,000 to PACE. Of this settlement, $250,000 was paid to PACE in January 2002 and the remaining $250,000 will be paid over a two year period.

OLENIK LITIGATION - In November 2000, George Olenik, former President and Chief Executive Officer of Pick Systems filed a lawsuit in Orange County Superior Court. Mr. Olenik asserted claims relating to his resignation from Pick Systems in March 2000, and sought unspecified damages including a success fee for the sale of Pick Systems to PickAX. In November 2001, the Company and Mr. Olenik entered into a settlement agreement whereby the Company agreed to pay $200,000 to Mr. Olenik. Such amount was paid in November 2001.

GENERAL AUTOMATION LITIGATION - In May 2001, General Automation initiated litigation in Superior Court of the State of California for the County of Orange against the Company for breach of contract relating to the Pick Systems purchase of selected assets of General Automation in August 2000. General Automation seeks in excess of $1,000,000 in damages, penalties and interest, in addition to attorneys' fees and costs. The Company has asserted counterclaims for fraud, breach of contract and indemnity. The Company believes that the suit is without merit and intends to defend the suit vigorously. A jury trial is scheduled to begin July 28, 2002. The Company does not expect the ultimate resolution of this matter to have a material adverse effect on its financial condition or results of operations.

DOUCE BIS LITIGATION - In June 2001, Douce Bis Company sued the Company in the Commercial Court of Paris, France for approximately $990,000 plus costs. The claim is for compensation and loss of profits due Douce Bis under the terms of the Douce Bis/Omnis distributorship agreement entered into in 1983 and extended from time

to time thereafter. The Company terminated Douce Bis as the Omnis distributor in France effective in December 2000. The Company believes the suit is without merit and intends to defend the suit vigorously. The litigation is in the discovery phase and a hearing is scheduled in March 2002.

ARATA LITIGATION - In June 2001, Thomas Arata, a former employee of Pick, sued the Company in the Civil District Court for the Parish of Orleans in Louisiana. The suit is for unspecified amounts charging breach of contract, fraud, breach of fiduciary duty, unfair trade practices, and unjust enrichment concerning Arata's activities for and on behalf of PickAX prior to and during PickAX's acquisition of Pick Systems in March 2000, and the termination of Arata's employment in December 2000. The Company believes the suit is without merit and intends to defend the suit vigorously. The litigation is in the discovery phase.

The Company is from time to time subject to claims and suits arising in the ordinary course of business. In the Company's opinion, the ultimate resolution of these matters will not have a material adverse effect on its financial position, results of operations, or liquidity.

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of August 23, 2000, by and among the Registrant, Raining Merger Sub, Inc., PickAX, Inc. and

	Gilbert Figueroa (included as Appendix A to the Registrant's Definitive Proxy Statement filed with the Commission on November 16, 2000 and incorporated herein by reference)
2.2	Merger Agreement dated as of August 23, 2000 by and among the Registrant, PickAX, Inc., Gilbert Figueroa, and Raining Merger Sub, Inc. (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on November 6, 2000 and incorporated herein by reference)
2.3	Asset Purchase Agreement by and among the Registrant, the Wainer Group, Dirk Wainer, Shirley-Anne Wainer, Dennis Janossich and Joseph Bernard as to all matters, and Paradigm Designs Software Pty Ltd., as to certain matters dated as of May 19, 2000 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on August 10, 2000 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation dated September 17, 1997, as amended and corrected of the Registrant (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on June 16, 1998 and incorporated herein by reference)
3.2	Certificate of Amendment of Certificate of Incorporation of the Registrant dated February 9, 1999 (included as Exhibit 3.2 to the Registrant's Form 10-KSB filed with the Commission on July 7, 1999 and incorporated herein by reference)
3.3	Certificate of Designation dated March 31, 1999, as corrected (included as Exhibit 3.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
3.4	Certificate of Amendment of Restated Certificate of Incorporation of the Registrant dated November 29, 2000 (included as Exhibit 3.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
3.5	Bylaws dated August 7, 1987, as amended (included as Exhibit 3.3 to the Registrant's Form 10-KSB filed with the Commission on June 29, 1998 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
4.1	Registration Rights Agreement by and among the Registrant, Pamela Conrad, Donald D. Durr, Lee Summers, Robert J. Rosenberg, Gil Figueroa, Michael E. McGoey, Gerald L. Cohn and Timothy Holland dated as of November 30, 2000 (included as Exhibit 4.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.2	Note and Warrant Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as of November 30, 2000 (included as Exhibit 4.2 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.3	Secured Promissory Note issued by the Registrant to Astoria Capital Partners, L.P. dated November 30, 2000 (included as Exhibit 4.3 to the Registrant's Form 10-QSB filed with the Commission on February

14, 2001 and incorporated herein by reference)

4.4	Common Stock Purchase Warrant issued by the Registrant to Astoria Capital Partners, L.P. dated November 30, 2000 (included as Exhibit 4.4 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.5	Second Amendment to Credit Facility Agreement, Promissory Note and Non-Transferable Warrant by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 21, 1999, as amended April 30, 2000 (included as Exhibit 4.5 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
4.6	Common Stock Purchase Agreement - Cash Purchase, by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 4, 2000 (included as Exhibit 4.1 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.7	Common Stock Purchase Agreement - PickAX Note, by and between the Registrant and Astoria Capital Partners, L.P. dated as of December 4, 2000 (included as Exhibit 4.2 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.8	Common Stock Purchase Agreement - Individual, by and between the Registrant and Harry Augur dated as of December 4, 2000 (included as Exhibit 4.3 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
4.9	Common Stock Purchase Agreement - Individual, by and between the Registrant and Robert van Roijen dated as of December 4, 2000 (included as Exhibit 4.4 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
4.10	Registration Rights Agreement by and among the Registrant, Astoria Capital Partners, L.P., Harrison H. Augur, Keogh MP and Robert D. van Roijen dated as of December 4, 2000 (included as Exhibit 4.5 to the Registrant's Form 8-K/A filed with the Commission on June 21, 2001 and incorporated herein by reference)
10.1	At-Will Employment Agreement between the Registrant and James Dorst dated as of November 23, 1999 (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2000 and incorporated herein by reference)
10.2	Stock Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as of March 31, 1999 (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.3	Common Stock Purchase Agreement by and between the Registrant and Astoria Capital Partners, L.P. dated as March 31, 1999 (included as Exhibit 10.2 to the Registrant's Form 8-K filed with the Commission

on April 5, 1999 and incorporated herein by reference)

10.4	Common Stock Purchase Agreement by and between the Registrant and Gwyneth Gibbs dated as of March 31, 1999 (included as Exhibit 10.3 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.5	Common Stock Purchase Agreement by and between the Registrant and Philip and Debra Barrett Charitable Remainder Trust dated as of March 31, 1999 (included as Exhibit 10.4 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.6	Common Stock Purchase Agreement by and between the Registrant and RCJ Capital Partners, L.P. dated as of March 31, 1999 (included as Exhibit 10.5 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.7	Common Stock Purchase Agreement by and between the Registrant and Rockport Group, L.P. dated as of March 31, 1999 (included as Exhibit 10.6 to the Registrant's Form 8-K filed with the Commission on April 5, 1999 and incorporated herein by reference)
10.8	Incentive Stock Option Agreement by and between the Registrant and Bryce Burns dated as of February 14, 2000 (included as Exhibit 10.15 to the Registrant's Form 10-KSB/A filed with the Commission on July 31, 2000 and incorporated herein by reference)

EXHIBIT	DESCRIPTION
10.9	Form of Employment Agreement by and between the Registrant and each of Mssrs. Figueroa, Lauer, Holland, Barrenechea and Anderson (included as Exhibit 10.1 to the Registrant's Form 10-QSB filed with the Commission on February 14, 2001 and incorporated herein by reference)
10.10	Nonincentive Stock Option Agreement by and between the Registrant and Bryan Sparks dated as of August 14, 2000 (included as Exhibit 10.1 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.11	Amended and Restated Nonincentive Stock Option Agreement by and between the Registrant and Bryce J. Burns dated as of February 14, 2000 (included as Exhibit 10.2 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.12	Nonincentive Stock Option Agreement by and between the Registrant and Bryce J. Burns dated as of September 22, 2000 (included as Exhibit 10.3 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.13	Form of Promissory Note dated September 28, 2000, issued by the Registrant to The Philip and Debra Barrett Charitable Remainder Trust (included as Exhibit 10.4 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)

10.14	Form of Note Purchase Agreement and Form of Nonsecured Convertible Promissory Note dated as of August 23, 2000, respectively, issued by the Registrant to three lenders (included as Exhibit 10.5 to the Registrant's Form 8-K filed with the Commission on October 24, 2000 and incorporated herein by reference)
10.15*	Transition Agreement and Releases by and between the Registrant and Gilbert Figueroa dated as of March 7, 2001.
10.16*	Service Agreement by and between the Registrant and Gwyneth Gibbs dated April 1, 2000.
10.17	Omnis Technology Corporation 1999 Stock Option Plan and Form of Option Agreement (included as Exhibit 10.24 to the Registrant's Annual Report on Form 10-KSB/A filed with the Commission on July 29, 1999 and incorporated herein by reference)
10.18	Omnis Technology Corporation Amended 1999 Stock Option Plan (included as Appendix A to the Registrant's Definitive Proxy Statement filed with the Commission on October 10, 2000 in connection with the October 23, 2000 Annual Meeting of Stockholders of the Registrant and incorporated herein by reference)
21.1 *	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP
24.1 *	Power of Attorney

* previously filed with Commission.

(b) Reports on Form 8-K
None