SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

Current report filing [amend]

Filing Date: **2001-02-02** | Period of Report: **2001-02-01**
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FILER

VERSO TECHNOLOGIES INC

CIK:**797448**| IRS No.: **411484525** | State of Incorp.:**MN** | Fiscal Year End: **1231**
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SIC: **7373** Computer integrated systems design

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
Amendment No. 1
(Amending Items 7(a) and 7(b))

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 1, 2001
(November 22, 2000)

Verso Technologies, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	0-22190	41-1484525
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

400 Galleria Parkway, Suite 300, Atlanta, Georgia	30326
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (678) 589-3500

Explanatory Note: This Amendment No. 1 on Form 8-K/A is being filed to set forth the audited financial statements of MessageClick, Inc. for the years ended December 31, 1999 and 1998 and the unaudited financial statements for the nine months ended September 30, 2000.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Business Acquired. Included in this Current Report (See "Index to Financial Statements" attached hereto) are the consolidated financial statements of MessageClick, Inc. ("MessageClick") for the years ended December 31, 1999 and 1998, together with the notes thereto, which have been audited by the independent accounting firm of PricewaterhouseCoopers LLP, whose opinion thereon is included herein, and the unaudited financial statements of MessageClick for the nine months ended September 30, 2000 and 1999.

(b) Pro Forma Financial Information. Included in this Current Report (See "Index to Financial Statements" attached hereto) are the following unaudited pro forma financial statements, together with the notes thereto (the "Unaudited Pro Forma Consolidated Financial Statements"):

(i) Unaudited pro forma condensed consolidated balance sheet as of September 30, 2000; and

(ii) Unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 1999 and for the nine months ended September 30, 2000.

Verso Technologies, Inc., a Minnesota corporation (the "Company") has accounted for the merger (the "Merger") of MCLICK Acquisition Corporation, a Delaware corporation and a second-tier, wholly-owned subsidiary of the Company, with and into MessageClick using purchase method accounting. The Unaudited Pro

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Forma Condensed Consolidated Financial Statements reflect the Merger as if it and the related debenture sale had been completed on September 30, 2000 for balance sheet purposes and on January 1, 1999 and January 1, 2000 for statement of operations purposes. The pro forma data does not purport to be indicative of the results which would actually have been reported if the Merger and debenture sale had occurred on such dates or which may be reported in the future. The Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the historical consolidated financial statements of the Company and MessageClick and the related notes thereto.

(c) Exhibits.

2.1	Agreement and Plan of Merger dated October 31, 2000 between the Company, MessageClick and MCLICK (the "Merger Agreement"). (Certain of the exhibits and schedules to the Agreement and Plan of Merger have been omitted from this Report pursuant to Item 601(b)(2) of Regulation S-K, and the Company agrees to furnish copies of such omitted exhibits and schedules supplementally to the Securities and Exchange Commission upon request).(*)

2.2	First Amendment to the Agreement and Plan of Merger dated November 9, 2000 between the Company, MCLICK and MessageClick.(*)
2.3	Second Amendment to the Agreement and Plan of Merger dated November 10, 2000 between the Company, MCLICK and MessageClick.(*)
4.1	Warrant issued in connection with the Merger Agreement (the form of which is included as an exhibit to Merger Agreement filed herewith).(*)
4.2	Registration Rights Agreement entered into in connection with the Merger Agreement (the form of which is included as an exhibit to Merger Agreement filed herewith).(*)
4.3	Escrow Agreement entered into in connection with the Merger Agreement (the form of which is included as an exhibit to Merger Agreement filed herewith).(*)
4.4	Convertible Debenture and Warrant Purchase Agreement dated October 31, 2000 between the Company and the Purchasers (the "Purchase Agreement").(*)
4.5	7.5% Convertible Debenture issued in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
4.6	Warrant issued in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
4.7	Registration Rights Agreement entered into in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
23.1	Consent of PricewaterhouseCoopers LLP.
99.1	Press Release dated November 3, 2000.(*)
99.2	Press Release dated November 24, 2000.(*)

(*) Incorporated by reference to the Current Report on Form 8-K filed by the Company on December 6, 2000.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERSO TECHNOLOGIES, INC.

By: /s/ Juliet M. Reising

Juliet M. Reising
Executive Vice-President and Chief Financial Officer

Dated: February 1, 2001

EXHIBIT INDEX

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4.4	Convertible Debenture and Warrant Purchase Agreement dated October 31, 2000 between the Company and the Purchasers (the "Purchase Agreement").(*)
4.5	7.5% Convertible Debenture issued in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
4.6	Warrant issued in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
4.7	Registration Rights Agreement entered into in connection with the Purchase Agreement (the form of which is included as an exhibit to the Purchase Agreement filed herewith).(*)
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INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
MessageClick, Inc.

In our opinion the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of MessageClick, Inc. (formerly .comFax, Inc.) at December 31, 1999 and 1998, and the results of their operations and their cash flows for the years ended December 1999 and 1998, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

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misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered operating losses since inception and has a working capital deficiency of $2,258,156 as of December 31, 1999. These and other factors, as discussed in Note 1, raise substantial doubt about its ability to continue as a going concern. As such, the Company is dependent on capital infusions from existing and new investors to fund operations. Management's plans in regard to these matters are also described in Note 1. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PricewaterhouseCoopers LLP
New York, New York
June 8, 2000

MESSAGECLICK, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
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	DECEMBER 31,	
	1999	1998
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 981,195	$ 28,123
Account receivable, net of allowance for doubtful accounts of $156,813 and $25,000, respectively	206,392	110,733
Prepaid expenses and other current assets	331,343	28,337
TOTAL CURRENT ASSETS	1,518,930	167,193
Fixed assets, net	3,671,459	344,789
Software license fees, net of accumulated amortization of $120,240 and $14,400, respectively	521,360	51,600
TOTAL ASSETS	$ 5,711,749	$ 563,582
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,203,787	$ 319,742
Accrued expenses	569,107	335,668
Current portion of capital leases obligations	4,192	6,070
TOTAL CURRENT LIABILITIES	3,777,086	661,480
Capital lease obligations, net of current portion	--	5,150
Commitments and contingencies		
Stockholders' (deficit) equity:		
Preferred stock, $.01 par value, 5,550,000 shares authorized:		
Series A convertible preferred stock, 2,516,728 and 2,057,817 shares issued and outstanding in 1999 and 1998 (liquidation preference of $3,775,092 and $3,086,726 at December 31, 1999 and 1998)	25,167	20,578
Series B convertible preferred stock, 262,346 and 0 shares issued and outstanding in 1999 and 1998 (liquidation preference of $850,001 and $0 at December 31, 1999 and 1998)	2,623	--
Series C convertible preferred stock, 2,469,135 and 0 shares issued and outstanding in 1999 and 1998 (liquidation preference of $7,999,997 and $0 at December 31, 1999 and 1998)	24,691	--
Common Stock, $.01 par value, 9,500,000 shares authorized; 3,084,680 and 3,064,680 shares issued and outstanding in 1999 and 1998	30,847	30,647
Additional paid-in capital	12,213,250	3,188,556
Stock subscriptions receivable	--	(41,506)
Accumulated deficit	(10,361,915)	(3,301,323)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	1,934,663	(103,048)

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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 5,711,749	$ 563,582

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MESSAGECLICK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31, 1999	1998
<S>	<C>	<C>
Revenues	$ 1,587,549	$ 651,325
Costs and expenses:		
Cost of revenues	2,328,153	613,086
Research and development	617,190	129,602
Selling and marketing	3,062,853	275,758
General and administrative	2,738,465	1,328,355
LOSS FROM OPERATIONS	(7,159,112)	(1,695,476)
Interest income, net	98,520	820
NET LOSS	$(7,060,592)	$(1,694,656)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MESSAGECLICK, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

<TABLE>
<CAPTION>

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1998	1,199,990	$12,000	--	$ --	--	$ --	3,000,000	$30,000
Net proceeds from sale and issuance of preferred stock	857,827	8,578	--	--	--	--	--	--
Issuance of common stock options for services	--	--	--	--	--	--	--	--
Issuance of common stock upon exercise of stock options	--	--	--	--	--	--	64,680	647
Net Loss	--	--	--	--	--	--		
Balance at December 31, 1998	2,376,010	3,760	62,346	2,623	2,469,135	24,691	--	--
Net proceeds from sale and issuance of preferred stock	82,901	829	--	--	--	--	--	--
Issuance of preferred stock for services	82,901	829	--	--	--	--	--	--
Issuance of common stock upon exercise of stock options	--	--	--	--	--	--	20,000	200

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Net Loss	--	--	--	--	--	--	--	--
Balance at December 31, 1999	2,516,728	$25,167	262,346	$2,623	2,469,135	$24,691	3,084,680	$30,847

	Additional Paid-In Capital	Stock Subscrip -tions Receivable	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	<C>	<C>	<C>	<C>
Balance at January 1, 1998	$ 1,934,159	$ --	$ (1,606,667)	$ 369,492
Net proceeds from sale and issuance of preferred stock	1,235,354	(41,506)	--	1,202,426
Issuance of common stock options for services	19,690	--	--	19,690
Issuance of common stock upon exercise of stock options	(647)	--	--	--
Net Loss	--	--	(1,694,656)	(1,694,656)
Balance at December 31, 1998	3,188,556	(41,506)	(3,301,323)	(103,048)
Net proceeds from sale and issuance of preferred stock	8,803,548	41,506	--	8,876,128
Issuance of preferred stock for services	221,346	--	--	222,175
Issuance of common stock upon exercise of stock options	(200)	--	--	--
Net Loss	--	--	(7,060,592)	(7,060,592)
Balance at December 31, 1999	$12,213,250	$ --	$(10,361,915)	$ 1,934,663

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MESSAGECLICK, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	FOR THE YEARS ENDED DECEMBER 31, 1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (7,060,592)	$ (1,694,656)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	599,907	85,950
Noncash compensation expense	--	19,690
Noncash promotion expense	222,175	--
Change in operating assets and liabilities:		
Accounts receivable	(95,659)	(110,733)
Prepaid expenses and other current assets	(303,007)	(20,000)
Accounts payable	2,884,045	218,401
Accrued expenses	233,439	318,667
Other current liabilities	--	(8,827)
NET CASH USED BY OPERATING ACTIVITIES	(3,519,692)	(1,191,508)
Cash flows from investing activities:		
Capital expenditures	(4,396,337)	(259,843)
NET CASH USED BY INVESTING ACTIVITIES	(4,396,337)	(259,843)
Cash flows from financing activities:		
Net proceeds from issuance of convertible preferred stock	8,876,128	1,202,427
Principal payments on capital lease obligations	(7,027)	(6,070)
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,869,101	1,196,357

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Net increase (decrease) in cash and cash equivalents	953,072	(254,994)
Cash and cash equivalents, at beginning of period	28,123	283,117
Cash and cash equivalents, at end of period	$ 981,195	$ 28,123
Cash paid for:		
Interest	2,060	1,783
Taxes	2,611	1,957

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

MESSAGECLICK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION
MessageClick, Inc. (formerly known as .comFax, Inc.)(the "Company"), was organized in the state of Delaware on December 19, 1996 and began operations in January 1997. The Company is an Internet Service Provider devoted specifically to outsource unified messaging solutions (UMS) integrating voice mail, faxes and e-mail to a wide range providers and corporations.

BASIS OF PRESENTATION
The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. Since its inception, the Company has incurred cumulative net operating losses of approximately $10.4 million through December 31, 1999 and expects to incur additional losses in completing the development and commercialization of its technologies. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations as they come due. Management is actively pursuing various options, which include securing additional equity financing and believes that sufficient funding will be available to meet its planned business objectives. The financial statements do not include any adjustments relating to the recoverability of the carrying amount of recorded assets or the amount of liabilities that might result from the outcome of these uncertainties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Victory Fax Communications, Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS
The Company considers all highly liquid investments purchased with an initial maturity of 90 days or less to be cash equivalents and investments with original maturities of greater than 90 days to be short-term investments.

FIXED ASSETS
Fixed assets are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets as follows:

<TABLE>

<S>	<C>
Computer hardware and software	3-5 years
UMS development cost	3 years
Office Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	Shorter of lease term or estimated useful life

</TABLE>

SOFTWARE LICENSE FEES
Software license fees represent prepayments made for the licensing of software and are stated at cost, less accumulated amortization. Amortization is calculated using the straight-line method over the shorter of the license agreement or its estimated useful life,

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generally 5 years.

REVENUE RECOGNITION
The Company recognizes revenue when the related services are rendered and collection is probable.

RESEARCH AND DEVELOPMENT
Research and development costs, other than software development costs, are expensed as incurred. Software development costs incurred in the research and development of new software products and enhancements to existing software products are expensed as incurred until technological feasibility has been established. After technological feasibility is established, any additional costs are capitalized. Software development costs eligible for capitalization have not been significant to date.

INCOME TAXES
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. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

RISKS AND UNCERTAINTIES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The Company's prospects are subject to risks, expenses and uncertainties frequently encountered by companies in the new and rapidly evolving markets for Internet services. These risks include the failure to develop and implement the Company's unified messaging solutions, as well as other risks and uncertainties. In the event the company does not implement its business plan, certain assets may not be recoverable.

FAIR VALUE OF FINANCIAL INSTRUMENTS
The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments.

ACCOUNTING FOR STOCK BASED COMPENSATION
As permitted by SFAS No. 123, Accounting for Stock-based Compensation, the Company accounts for its stock-based compensation arrangements pursuant to APB Opinion No. 25, Accounting for Stock Issued to Employees. In accordance with the provisions of SFAS No. 123, the Company discloses the pro forma effects of accounting for these arrangements using the minimum value method to determine fair value.

CONCENTRATIONS OF RISK AND CUSTOMER INFORMATION
Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash, accounts receivable, and account payable. The Company generally does not require collateral and the majority of its trade receivable are unsecured.

As of and for the year ended December 31, 1999, no customer accounted for 10% of net revenue or net account receivables.

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3. FIXED ASSETS

Fixed assets consist of the following:

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<TABLE>
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<S>	DECEMBER 31, 1999 <C>	1998 <C>
Computer hardware and software	$3,844,610	$274,069
UMS development cost	224,912	--
Office equipment	145,393	144,963
Furniture and fixtures	23,014	21,823
Leasehold improvement	29,662	--
	4,267,591	440,855
Less: accumulated depreciation and amortization	(596,132)	(96,066)
FIXED ASSETS, NET	$3,671,459	$344,789

</TABLE>

UMS DEVELOPMENT COSTS
Costs incurred relating to the development of the Company's unified messaging solutions are accounted for in accordance with Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). Costs incurred during the preliminary project stage are expensed as incurred and costs incurred during the application development stage are capitalized. Amortization commences once the software is ready for its intended purpose and is amortized by the straight-line method over the estimated useful life. Included in fixed assets as of December 31, 1999, are costs capitalized for UMS development and related enhancements aggregating $224,912, which are being amortized on a straight-line basis of their estimated useful life of 3 years.

4. COMMON STOCK AND CONVERTIBLE PREFERRED STOCK

In May 1998, the Company's Board of Directors approved a 10-for-1 stock split of all issued and outstanding shares of the Company's preferred and common stock. All preferred stock, common stock and stock options reflected in the accompanying financial statements have been presented as if the stock split had occurred on January 1, 1998.

In May 1999, the Company amended and restated its Certificate of Incorporation to increase the number of authorized shares of common stock and preferred stock to 9,500,000 and 5,550,000 shares, respectively.

In October 1998, in connection with an option exercise, the Company issued an aggregate of 64,680 shares of common stock.

In 1998, the Company sold and issued an aggregate of 857,827 shares of Series A convertible preferred stock at a price of $1.50 per share, raising gross proceeds of $1,286,741. From January to March 1999, the Company sold and issued an additional 376,010 shares of Series A convertible preferred stock at a price of $1.50 per share, raising gross proceeds of $564,015.

In April 1999, the Company had sold and issued 262,346 shares of Series B convertible preferred stock at a price of $3.24 per share, raising gross proceeds of $850,000.

In May and June 1999, the Company sold and issued an aggregate of 2,469,135 shares of Series C convertible preferred stock at a price of $3.24 per share, raising gross proceeds of $8,000,000.

In December 1999, in connection with a marketing agreement, the Company issued 82,901 shares of Series A convertible preferred stock in exchange for promotion services. The Company has recorded $222,175 as promotion expense based upon the fair value of the related services received.

In 1999, the Company issued 20,000 shares of common stock as a placement fee in connection with the sale of Series A convertible

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preferred stock.

In 1999, the Company issued 114,832 warrants with exercise price ranging from $1.50 to $3.00 per share as placement fees in connection with the sale for Series A, B, and C convertible preferred stock. In addition, the Company incurred cash expenses of $581,008 and $42,750 during 1999 and 1998, respectively, related to these financings.

CONVERSION AND VOTING RIGHTS

Each issued share of Series A, B, and C convertible preferred stock is currently convertible, in full and not in part, into one share of common stock, subject to certain antidilutive adjustments, at the option of the holder. Each share of Series A, B, and C convertible preferred stock automatically converts into common stock upon the consummation of an initial public offering of the Company's common stock or a change of control, as defined. A sufficient amount of shares of common stock have been reserved for issuance in the event of the conversion of convertible preferred stock. Each share of preferred stock is entitled to the number of votes equal to the number of shares of common stock into which it is then convertible.

DIVIDENDS

In the event that the Company declares a dividend on shares of Common Stock, each share of Series A, B, and C convertible preferred stock is entitled to receive a dividend, simultaneously with and in an amount per share equal to the holders of Common Stock, equal to the number of shares of common stock into which it is convertible.

LIQUIDATION

In the event of liquidation, the Series A, B, and C convertible preferred shareholders are entitled to receive, prior to any distribution to any other shareholders, the greater of (i) $1.50 per Series A share, $3.24 per Series B and C share, or (ii) the amount such holders would receive if they converted the Series A, B, and C convertible preferred stock into Common Stock.

5. INCOME TAXES

There are no income tax assets, liabilities or income tax expense included in the financial statements. The Company has incurred losses since inception for both book and tax purposes. The Company has net operating loss carryforwards for federal and state purposes of approximately $10,000,000 and $3,300,000 in 1999 and 1998. Federal and state net operating loss carryforwards begin expiring in the years 2012 and 2015, respectively. These losses may be subject to limitation on future year's utilization should certain ownership changes occur.

Temporary differences between the financial statement and tax bases of assets and liabilities are primarily attributable to net operating loss carryforwards and capitalized costs. A full valuation allowance has been provided for the entire amount of the deferred tax assets arising from these differences as a result of management's current belief that it is more likely than not that the benefits related to such temporary differences will not be realized.

6. EMPLOYEE BENEFITS

1997 STOCK OPTION PLAN

The Company's 1997 Stock Option Plan (the "1997 Option Plan") permits the grant of both "incentive stock options" designed to qualify under the Internal Revenue Code Section 422 and non-qualified stock options. Incentive stock options may only be granted to employees of the Company whereas non-qualified stock options may be granted to non-employees, directors and consultants. In November 1999, the Board of Directors approved amendments to the 1997 Plan whereby the aggregate number of shares of common stock for which options may be granted under the 1997 Plan was increased to 1,235,000. Each option, once vested, allows the optionee the right to purchase one share of the Company's Common Stock. The Board of Directors determines the exercise price of the options; options granted to date generally vest ratably over three years and expire five years from the date of grant.

Stock option activity can be summarized as follows:

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		OPTIONS OUTSTANDING	
	OPTIONS AVAILABLE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance at January 1, 1998	41,410	358,590	0.063
Authorized	915,000		
Granted at $1.00 per share	(289,500)	289,500	1.000
Granted at $0.001 per share	(19,690)	19,690	0.001
Options exercised at $0.001 per share	--	(64,680)	0.001
Options forfeited	160,700	(160,700)	1.000
Balance at December 31, 1998	807,920	442,400	0.780
Granted at $2.75 per share	(637,999)	637,999	2.750
Granted at $1.00 per share	(20,000)	20,000	1.000
Options exercised at $0.001 per share	--	(20,000)	0.001
Options forfeited	120,000	(120,000)	1.000
Balance at December 31, 1999	269,921	960,399	$ 2.039

</TABLE>

The Company applied Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees," and related interpretations in accounting for its Plan and other stock-based compensation issued to employees. Compensation expense equal to the difference between the assumed fair value of the Company's Common Stock at the grant date and the exercise price of

the options, if any, is recognized ratably over the vesting period. Options outstanding at December 31, 1999 have a weighted average remaining contractual life of 4.18 years.

During the years ended December 31, 1998 and 1997, the Company granted consultants options to purchase 19,690 and 142,390 shares of Common Stock respectively, at an exercise price of $0.001 per share. The Company has recorded the estimated fair value of the options on the date of grant, in the amount of $19,690 and $142,390, respectively as compensation expense.

Had compensation cost of options grants to employees been determined based upon the fair value at the date of grant for awards under the Plan consistent with the methodology prescribed under SFAS No. 123, "Accounting for Stock Based Compensation," ("SFAS 123"), the Company's net loss for the years ended December 31, 1999 and 1998 would have increased by approximately $93,000 and $18,000 respectively.

The fair value of the options granted to employees during the years ended December 31, 1999 and 1998 have been determined on the date of respective grant using the Black-Scholes option-pricing model assuming (a) no dividend yield, (b) a risk free interest rate of 4.78% to 5.45%, (c) no forfeitures, and (d) an expected life of five years. As permitted under the minimum value method prescribed in SFAS 123, no factor for volatility has been reflected in the option pricing calculation.

7. COMMITMENTS AND CONTINGENCIES

LEASES

The Company has entered into noncancellable operative leases primarily for office space and equipment with initial or remaining terms in excess of one year. Rent expense for the years ended December 31, 1999 and 1998 were approximately $77,000 and $36,000, respectively.

Commencing December 31, 1999, the Company entered a new lease for office space in New York City. As a result, annual rental costs will increase by approximately $290,000. This lease expires in June 2004.

In August 1997, the Company entered into a capital lease for furniture and fixtures. The lease is payable in 36 equal monthly installments of

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approximately $688 through August 2000.

Future minimum lease payments by year under operating and capital leases with initial or remaining terms of one year or more consists of the following:

YEAR	OPERATING	CAPITAL
2000	$ 341,852	$5,080
2001	328,629	--
2002	327,480	--
2003	327,480	--
2004 and thereafter	163,740	--
Total minimum lease payments	$1,489,181	5,080
Less: amount representing interest		(888)
Current portion of capital leases obligations		$4,192

EMPLOYMENT AGREEMENT

Effective January 2000, the Company entered into a three-year employment agreement with one of its officers. Under the terms of the agreement, the Company is committed to pay aggregate minimum salaries of $525,000. In addition, the Company granted the officer both incentive and non-qualified options to purchase an aggregate of 411,499 shares of common stock at an exercise price of $2.75. In January 2000, the Company will record unearned compensation based upon the difference between the fair value of the Company's common stock and the strike price of the options. Such amount will be amortized to compensation expense over the vesting period of the options.

8. SUBSEQUENT EVENTS (UNAUDITED)

In March 2000, the Company completed a private placement of 694,445 shares of Series D convertible preferred stock, and warrants to purchase 231,482 shares of the Company's common stock, raising gross proceeds of $5 million. The warrants are exercisable at a price of $.01 per share and expire in March 2005.

From January to March 2000, the Company granted its employees incentive stock options to purchase an aggregate of 108,500 shares of its common stock at an exercise price of $2.75 per share. As a result, the Company will record unearned compensation based upon the difference between the fair value of the Company's common stock and the strike price of the options. Such amount will be amortized to compensation expense over the vesting period of the options.

On November 22, 2000, the Company was acquired by a subsidiary of Verso Technologies, Inc. ("Verso"). Total consideration consisted of an aggregate of 1,191,341 shares of Verso's common stock, cash consideration in an aggregate amount of $5,000 and warrants to purchase

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an aggregate of 177,901 shares of Verso's common stock. In addition, holders of the Company's common stock may receive an aggregate of $3,000,000 payable in Verso common stock if the Company achieves certain revenue levels for the calendar year ending December 31, 2001.

MESSAGECLICK, INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	SEPTEMBER 30, 2000 <C>	DECEMBER 31, 1999* <C>
ASSETS:		
Current assets:		
Cash	$ 583,442	$ 981,195
Accounts receivable, net	268,937	206,392
Other current assets	68,245	331,343
Total current assets	920,624	1,518,930
Furniture and equipment, net	4,223,426	3,671,459
Intangibles, net	711,777	521,360
Total assets	$ 5,855,827	$ 5,711,749
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Convertible subordinated debentures	$ 763,633	$ --
Accounts payable	6,332,969	3,207,979
Accrued compensation	62,247	--
Accrued expenses	79,564	569,107
Unearned revenue	41,981	--
Total current liabilities	7,280,394	3,777,086
Long-term debt		
Total liabilities	7,280,394	3,777,086
Shareholders' equity:		
Common stock	30,847	30,847
Preferred stock	84,426	52,481
Additional paid-in capital	18,420,194	12,213,250
Accumulated deficit	(19,960,034)	(10,361,915)
Total shareholders' equity	(1,424,567)	1,934,663
Total liabilities and shareholders' equity	$ 5,855,827	$ 5,711,749

</TABLE>

----
* Derived from audited financial statements at F-4.

See accompanying notes to condensed consolidated financial statements (unaudited).

MESSAGECLICK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

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	NINE MONTHS ENDED SEPTEMBER 30, 2000	1999
Revenue	$ 1,663,089	$ 1,278,077
Cost of revenue	2,233,949	1,546,650
Gross profit	(570,860)	(268,573)
Operating expenses:		
Sales, general and administrative	7,818,041	3,286,220
Depreciation	910,859	288,732
Amortization of intangibles	292,831	22,584
Total operating expenses	9,021,731	3,597,536
Operating loss	(9,592,590)	(3,866,109)
Interest income, net	(5,529)	(71,400)
Loss before income taxes	(9,598,120)	(3,937,509)
Income taxes	--	--
Net loss	$(9,598,120)	$(3,937,509)

See accompanying notes to condensed consolidated financial statements (unaudited).

MESSAGECLICK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 2000	1999
Cash flows from operating activities:		
Net loss	$(9,598,120)	$(3,937,509)
Adjustment to reconcile net loss to cash used by operating activities:		
Depreciation and amortization	1,342,304	449,930
Change in operating assets and liabilities:		
Accounts receivable	(62,545)	(428,742)
Other current assets	263,098	(254,822)
Accounts payable	3,129,182	1,222,676
Accrued expenses	(431,487)	623,836
Unearned revenue	41,981	--
Net cash used by operating activities	(5,315,587)	(2,324,631)
Cash flow from investing activities:		
Capital expenditures	(2,084,688)	(2,967,105)
Net cash used by investing activities	(2,084,688)	(2,967,105)
Cash flow from financing activities:		
Convertible subordinated debentures	763,633	--
Net proceeds from issuance of convertible preferred stock	6,238,889	8,876,128

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Net cash provided by financing activities	7,002,522	8,876,128
Net increase (decrease) in cash and cash equivalents	(397,753)	3,584,392
Cash and cash equivalents, at beginning of period	981,195	28,123
Cash and cash equivalents, end of period	$ 583,442	$ 3,612,515
Cash paid for:		
Interest	24,657	1,120
Taxes	4,310	1,799

</TABLE>

See accompanying notes to condensed consolidated financial statements (unaudited).

MESSAGECLICK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2000
(UNAUDITED)

1. ORGANIZATION

MessageClick, Inc. (formerly known as .comFax, Inc.) (the "Company"), was organized in the state of Delaware on December 19, 1996 and began operations in January 1997. The Company is an Internet Service Provider devoted specifically to outsource unified messaging solutions (UMS) integrating voice mail, faxes and e-mail to a wide range providers and corporations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Victory Fax Communications, Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

FIXED ASSETS
Fixed assets are stated at cost. Depreciation is provided on a straight-line basis over three to seven years depending on the estimated useful lives of the respective assets.

SOFTWARE LICENSE FEES
Software license fees represent prepayments made for the licensing of software and are stated at cost, less accumulated amortization. Amortization is calculated using the straight-line method over the shorter of the license agreement or its estimated useful life, generally 5 years.

REVENUE RECOGNITION
The Company recognizes revenue when the related services are rendered and collection is probable.

3. CONVERTIBLE DEBENTURES

The Company entered into agreements with several investors to issue $752,422 of its 8% Convertible Debentures in July and August 2000. These Convertible Debentures were repaid, including interest by issuance of 214,582 shares of Verso Technologies, Inc. ("Verso") common stock on November 22, 2000 (See note 5).

4. EQUITY TRANSACTIONS

In March 2000, the Company completed a private placement of 694,445 shares of Series D convertible preferred stock, and warrants to purchase 231,482 shares of the Company's common stock, raising gross proceeds of $5 million. The warrants are exercisable at a price of $.01 per share and expire in March 2005.

In September 2000, the Company completed a private placement of 2,500,000 shares of Series E convertible preferred stock, raising gross proceeds of $1.5 million. The private placement was with Verso (See note 5).

5. SUBSEQUENT EVENT

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On November 22, 2000, the Company was acquired by a subsidiary of Verso. Total consideration consisted of an aggregate of 1,191,341 shares of Verso's common stock, cash consideration in an aggregate amount of $5,000 and warrants to purchase an aggregate of 177,901 shares of Verso's common stock. Verso also issued 214,582 shares of its common stock to the holders of the Company's convertible subordinated debentures in satisfaction of the amounts outstanding. In addition, holders of the Company's common stock may receive an aggregate of $3,000,000 payable in Verso common stock if the Company achieves certain revenue levels for the calendar year ending December 31, 2001.

PRO FORMA FINANCIAL INFORMATION

INTRODUCTION

The following unaudited pro forma condensed consolidated financial statements give effect to the merger of a second-tier wholly-owned subsidiary of Verso Technologies, Inc. ("Verso") with and into MessageClick, Inc. ("MessageClick") and the related issuance to certain investors of Verso's 7.5% Convertible Debentures in the aggregate principal amount of $4,500,000 (the Convertible Debentures").

The unaudited pro forma condensed consolidated balance sheet presents the financial position of Verso at September 30, 2000 giving effect to the merger and issuance of the Convertible Debentures as if they had occurred on such date. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2000 and for the year ended December 31, 1999 gives effect to the merger and the issuance of the Convertible Debentures as if they had occurred at the beginning of each period, respectively.

The unaudited pro forma financial information is presented for information purposes only and it is not necessarily indicative of the financial position and results of operations that would have been achieved had the merger and issuance of the Convertible Debentures been completed as of the dates indicated and is not necessarily indicative of Verso's future financial position or results of operations.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements of Verso and MessageClick, including the related notes thereto.

VERSO TECHNOLOGIES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2000

<TABLE>
<CAPTION>

	HISTORICAL			
	VERSO (A)	MESSAGECLICK (B)	PRO FORMA ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Current assets:				
Cash	$ 21,215,184	$ 583,442	$ 4,500,000 (c) (5,000)(d) (50,000)(c)	$ 26,243,626
Accounts receivable, net	19,948,095	268,937		20,217,032
Inventories, principally finished goods	1,056,055			1,056,055
Other current assets	4,611,107	68,245	50,000 (c) (1,500,000)(d)	3,229,352
Net assets of discontinued operations	15,219,763	--		15,219,763
Total current assets	62,050,204	920,624	2,995,000	65,965,828
Furniture and equipment, net	9,286,539	4,223,426	(1,750,000)(d)	11,759,965
Intangibles, net	122,095,258	711,777	8,808,911 (d) (711,777)(d)	130,904,169

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Total assets	$ 193,432,001	$ 5,855,827	$ 9,342,134	$ 208,629,962
	=============	============	============	=============
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities:				
Line of credit	$ 4,950,597	$ --		$ 4,950,597
Convertible subordinated debentures, net of discount	3,513,867	763,633	(763,633)(d) 3,123,887 (c)	6,637,754
Accounts payable	20,550,700	6,332,969		26,883,669
Accrued compensation	2,824,071	62,247		2,886,318
Accrued expenses	5,700,243	79,564	637,406 (d)	6,417,213
Unearned revenue and customer deposits	3,666,112	41,981		3,708,093
Current portion of long-term debt	479,204			479,204
	-------------	------------	------------	-------------
Total current liabilities	41,684,794	7,280,394	2,997,660	51,962,848
Long-term debt	40,912			40,912
	-------------	------------	------------	-------------
Total liabilities	41,725,706	7,280,394	2,997,660	52,003,760
Shareholders' equity:				
Common stock	481,647	30,847	(30,847)(e) 14,059 (d)	495,706
Preferred stock		84,426	(84,426)(e)	--
Additional paid-in capital	245,361,064	18,420,194	(18,420,194)(e) 1,376,113 (c) 3,529,735 (d)	250,266,912
Accumulated deficit	(87,251,407)	(19,960,034)	19,960,034 (e)	(87,251,407)
Deferred compensation	(6,885,009)			(6,885,009)
	-------------	------------	------------	-------------
Total shareholders' equity	151,706,295	(1,424,567)	6,344,474	156,626,202
Total liabilities and shareholders' equity	$ 193,432,001	$ 5,855,827	$ 9,342,134	$ 208,629,962
	=============	============	============	=============

</TABLE>

See accompanying notes to the Pro Forma Condensed Consolidated Financial Statements (unaudited).

VERSO TECHNOLOGIES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2000

<TABLE>
<CAPTION>

	HISTORICAL		PRO FORMA	
	VERSO (F)	MESSAGECLICK (G)	ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>	<C>
Revenue	$ 51,872,879	$ 1,663,089		$ 53,535,968
Cost of revenue	42,216,952	2,233,949		44,450,901
	------------	------------	------------	------------
Gross profit	9,655,927	(570,860)	--	9,085,067
Operating expenses:				
Sales, general and administrative	27,636,082	7,818,041		35,454,123
Depreciation	1,185,109	910,859	(320,000)(h)	1,775,968
Amortization of intangibles	1,053,270	292,831	889,505 (i) (292,831)(i)	1,942,775
Loss on asset abandonment	1,218,343			1,218,343
Reorganization costs	1,500,000			1,500,000
	------------	------------	------------	------------
Total operating expenses	32,592,804	9,021,731	276,674	41,891,209
	------------	------------	------------	------------
Operating loss from continuing operations	(22,936,877)	(9,592,591)	(276,674)	(32,806,142)
Interest expense, net	(833,113)	(5,529)	(467,042)(j)	(1,305,684)

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Loss from continuing operations before income taxes	(23,769,990)	(9,598,120)	(743,716)	(34,111,826)
Income taxes	--			--
Loss from continuing operations	$(23,769,990)	$ (9,598,120)	$ (743,716)	$(34,111,826)
Net loss from continuing operations per common share - basic and diluted:	$ (0.94)			$ (1.28)
Weighted average shares outstanding - basic and diluted	25,282,722			26,688,645

</TABLE>

See accompanying notes to the Pro Forma Condensed Consolidated Financial Statements (unaudited).

VERSO TECHNOLOGIES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1999

<TABLE>
<CAPTION>

	HISTORICAL			
	VERSO (F)	MESSAGECLICK (G)	PRO FORMA ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>	<C>
Revenue	$ 61,684,652	$ 1,587,549		$ 63,272,201
Cost of revenue	41,708,579	2,328,153		44,036,732
Gross profit	19,976,073	(740,604)	--	19,235,469
Operating expenses:				
Sales, general and administrative	23,027,594	5,818,601		28,846,195
Depreciation	687,694	494,067	(44,000)(h)	1,137,761
Amortization of intangibles	1,403,766	105,840	1,326,000 (i) (105,840)(i)	2,729,766
Reorganization costs	462,000			462,000
Transaction costs	251,078			251,078
Total operating expenses	25,832,132	6,418,508	1,176,160	33,426,800
Operating loss from continuing operations	(5,856,059)	(7,159,112)	(1,176,160)	(14,191,331)
Interest expense, net	(183,172)	98,520	(622,723)(j)	(707,375)
Loss from continuing operations before income taxes	(6,039,231)	(7,060,592)	(1,798,883)	(14,898,706)
Income tax benefit	(154,773)			(154,773)
Loss from continuing operations	$ (5,884,458)	$ (7,060,592)	$ (1,798,883)	$(14,743,933)
Net loss from continuing operations per common share - basic and diluted:	$ (0.25)			$ (0.59)
Weighted average shares outstanding - basic and diluted	23,728,262			25,134,185

</TABLE>

See accompanying notes to the Pro Forma Condensed Consolidated Financial Statements (unaudited).

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NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(a) Reflects the historical financial position of Verso at September 30, 2000.

(b) Reflects the historical financial position of MessageClick at September 30, 2000.

(c) Reflects the issuance of Verso's 7.5% Convertible Debentures as follows:

<TABLE>

<S>	<C>
Proceeds from issuance of 7.5% Convertible Debentures	$ 4,500,000
Fair value of warrants to purchase 1,000,000 shares of Verso Common Stock issued in conjunction with the 7.5% Convertible Debentures	(1,376,113)
Discounted value of 7.5% Convertible Debentures	$ 3,123,887
Related transaction costs	$ 50,000

</TABLE>

The fair value of the warrants issued was determined using the Black-Scholes option-pricing model and was based on the following weighted-average assumptions: expected volatility - 88%; expected life - five years; risk-free interest rate - 5.5%; and expected dividend yield - 0%.

(d) Represents the preliminary valuation of intangible assets resulting from the allocation of the $4.2 million purchase price, including transaction costs, over the fair value of the net assets acquired. The purchase price reflects:

- $2,747,530 related to the issuance of 1,191,341 shares of Verso common stock;
- Cash consideration of $5,000;
- $301,384 related to the issuance of warrants to purchase 177,901 shares of Verso common stock at an initial purchase price of $4.03 per share. The fair value was determined using the Black-Scholes option-pricing model and was based on the following weighted-average assumptions: expected volatility - 88%; expected life - five years; risk-free interest rate - 5.5%; and expected dividend yield - 0%;
- $494,880 related to the issuance of 214,582 shares of common stock to refinance certain MessageClick convertible subordinated debentures outstanding in the amount of $763,633;
- Fair value of MessageClick net assets acquired totaling $(1,424,567);
- Verso's previous investment in MessageClick's Series E Preferred Stock totaling $1,500,000;
- Adjustment of furniture and equipment due to duplicated operations totaling $1,750,000;
- Adjustment of MessageClick's previously recorded intangible assets totaling $711,777; and
- Transaction costs of $637,406.

(e) Reflects the elimination of MessageClick's historical stockholders' equity.

(f) Reflects the historical operating results of Verso for the periods presented.

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(g) Reflects the historical operating results of MessageClick for the periods presented.

(h) Reflects the reduction of depreciation expense related to the adjustment of furniture and equipment to fair value for the periods presented.

(i) Reflects the amortization of the intangible assets allocated from the purchase price over an estimated preliminary useful life of three years for the periods presented.

(j) Reflects interest expense on $4.5 million of 7.5% convertible debentures and amortization of related discount and transaction costs for the periods presented.

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EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-45028) and Forms S-8 (Nos. 333-92337, 333-80501, 333-85107 and 333-26015) of Verso Technologies, Inc. of our report dated June 8, 2000 relating to the financial statements of MessageClick, Inc., which appears in the Current Report on Form 8-K/A of Verso Technologies, Inc. dated February 1, 2001.

PricewaterhouseCoopers LLP
New York, New York
February 1, 2001

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