

NATIONAL HOLDINGS CORP  
Form 10-Q/A  
October 25, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q/A**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 2006

Commission File Number 001-12629

**NATIONAL HOLDINGS CORPORATION**

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(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of organization)

36-4128138  
(I.R.S. Employer incorporation or Identification No.)

875 North Michigan Avenue, Suite 1560, Chicago, Illinois  
(Address of principal executive offices)

60611  
(Zip code)

Registrant's telephone number, including area code: (312) 751-8833

Olympic Cascade Financial Corporation  
(Former name, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

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

The number of shares outstanding of registrant's common stock, par value \$0.02 per share, at October 23, 2006 was 5,223,968.

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**EXPLANATORY NOTE**

This Quarterly Report on Form 10-Q/A (the “Report”) is being filed by National Holdings Corporation (the “Company”) to amend the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2006 that was initially filed with the Securities and Exchange Commission (the “SEC”) on May 10, 2006. This Report reflects the restatement of the Company's Series B Preferred Stock outside of permanent equity on its balance sheet as of March 31, 2006.

-2-

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**NATIONAL HOLDINGS CORPORATION AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

**ASSETS**

	March 31, 2006 (unaudited) (See: Note 2. Restatement)	September 30, 2005 (see note below)
CASH	\$ 2,236,000	\$ 398,000
DEPOSITS WITH CLEARING ORGANIZATIONS	300,000	300,000
RECEIVABLES FROM BROKER-DEALERS AND CLEARING ORGANIZATIONS	4,716,000	3,329,000
OTHER RECEIVABLES, net of allowance for uncollectible accounts of \$368,000 at March 31, 2006 and September 30, 2005, respectively	350,000	485,000
ADVANCES TO REGISTERED REPRESENTATIVES	1,599,000	1,653,000
SECURITIES HELD FOR RESALE, at market	466,000	166,000
FIXED ASSETS, net	299,000	250,000
SECURED DEMAND NOTE	1,000,000	1,000,000
OTHER ASSETS	501,000	379,000
<b>TOTAL ASSETS</b>	<b>\$ 11,467,000</b>	<b>\$ 7,960,000</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATIONS	\$ 393,000	\$ 122,000
SECURITIES SOLD, BUT NOT YET PURCHASED, at market	73,000	44,000
ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES	5,474,000	4,045,000
CONVERTIBLE NOTES PAYABLE, net of debt discounts of \$178,000 and \$0 at March 31, 2006 and September 30, 2005, respectively	822,000	—
NOTES PAYABLE, net of debt discounts of \$85,000 and \$206,000 at March 31, 2006 and September 30, 2005, respectively	765,000	1,819,000
<b>TOTAL LIABILITIES</b>	<b>7,527,000</b>	<b>6,030,000</b>

<b>SUBORDINATED BORROWINGS</b>	<b>1,000,000</b>	<b>1,000,000</b>
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**COMMITMENTS AND CONTINGENCIES**

**REDEEMABLE STOCK**

Series B 10% cumulative convertible preferred stock, \$.01 par value, 20,000 shares authorized; 10,000 shares issued and outstanding (liquidation preference: \$1,000,000) at March 31, 2006 and 0 shares issued and outstanding at September 30, 2005

1,000,000

**STOCKHOLDERS' EQUITY**

Preferred stock, \$.01 par value, 200,000 shares authorized; 50,000 shares designated as Series A and 20,000 shares designated as Series B

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Series A 9% cumulative convertible preferred stock, \$.01 par value, 50,000 shares authorized; 35,316 shares issued and outstanding (liquidation preference: \$3,531,600) at March 31, 2006 and 33,320 shares issued and outstanding (liquidation preference: \$3,332,000) at September 30, 2005

Common stock, \$.02 par value, 30,000,000 shares authorized; 5,223,968 and 5,045,878 shares issued and outstanding, at March 31, 2006 and September 30, 2005, respectively	104,000	101,000
Additional paid-in capital	16,025,000	15,295,000
Deferred compensation	(83,000)	
Accumulated deficit	(14,106,000)	(14,466,000)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,940,000</b>	<b>930,000</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 11,467,000</b>	<b>\$ 7,960,000</b>

Note: The balance sheet at September 30, 2005 has been derived from the audited consolidated financial statements at that date.

See notes to condensed consolidated financial statements.

**NATIONAL  
HOLDINGS  
CORPORATION**

**CONDENSED  
CONSOLIDATED  
STATEMENTS  
OF OPERATIONS  
(Unaudited)**

	Three Months Ended		Six Months Ended	
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
<b>REVENUES:</b>				
Commissions	\$ 10,714,000	\$ 8,850,000	\$ 17,871,000	\$ 19,146,000
Net dealer inventory gains	2,191,000	1,395,000	4,052,000	2,592,000
Investment banking	4,042,000	132,000	7,093,000	238,000
Interest and dividends	696,000	859,000	1,382,000	1,362,000
Transfer fees and clearing services	969,000	711,000	1,730,000	1,576,000
Other	175,000	259,000	347,000	401,000
<b>TOTAL REVENUES</b>	<b>18,787,000</b>	<b>12,206,000</b>	<b>32,475,000</b>	<b>25,315,000</b>

**EXPENSES:**