

LIVEDEAL INC  
Form 10-Q  
May 15, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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(Mark One)

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

For the quarterly period ended March 31, 2009

£ 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 001-33937

LiveDeal, Inc.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or  
organization)

85-0206668  
(IRS Employer Identification No.)

2490 East Sunset Road, Suite 100  
Las Vegas, Nevada  
(Address of principal executive offices)

89120  
(Zip Code)

(702) 939-0230  
(Registrant's telephone number, including area code)

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  T No  £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (do not check if a smaller reporting company) Smaller reporting company

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

The number of shares of the issuer’s common stock, par value \$.001 per share, outstanding as of May 1, 2009 was 6,153,182.

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FOR THE QUARTER ENDED MARCH 31, 2009

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

LIVEDEAL, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (unaudited)	September 30, 2008
Assets		
Cash and cash equivalents	\$ 10,090,479	\$ 4,639,787
Accounts receivable, net	3,080,558	6,880,492
Prepaid expenses and other current assets	566,163	792,309
Customer acquisition costs, net	-	642,220
Income taxes receivable	8,880	487,532
Deferred tax asset, net of valuation allowance	1,189,290	949,121
Total current assets	14,935,370	14,391,461
Accounts receivable, long term portion, net	2,799,820	2,011,143
Property and equipment, net	704,203	959,854
Deposits and other assets	81,712	83,547
Intangible assets, net	2,211,223	6,736,078
Goodwill	-	11,706,406
Deferred tax asset, long term, net of valuation allowance	-	3,863,502
Total assets	\$ 20,732,328	\$ 39,751,991
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 492,794	\$ 1,078,712
Accrued liabilities	2,339,541	1,991,369
Current portion of capital lease obligation	68,040	61,149
Total current liabilities	2,900,375	3,131,230
Long term portion of capital lease obligation	153,207	170,838
Total liabilities	3,053,582	3,302,068
Commitments and contingencies		
Stockholders' equity:		
Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 127,840 issued and outstanding, liquidation preference \$38,202	10,866	10,866
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,153,183 and 6,513,687 issued and outstanding at March 31, 2009 and September 30, 2008, respectively	6,153	6,514
Paid in capital	20,310,508	20,884,112
Retained earnings (accumulated deficit)	(2,648,781)	15,548,431
Total stockholders' equity	17,678,746	36,449,923
Total liabilities and stockholders' equity	\$ 20,732,328	\$ 39,751,991

See accompanying notes to unaudited condensed consolidated financial statements.

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LIVEDEAL, INC. AND SUBSIDIARIES  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months ended March 31,		Six Months ended March 31,	
	2009	2008	2009	2008
Net revenues	\$3,548,275	\$6,039,356	\$8,557,789	\$12,445,597
Cost of services	1,466,882	1,081,461	3,067,532	2,075,031
Gross profit	2,081,393	4,957,895	5,490,257	10,370,566
<b>Operating expenses:</b>				
General and administrative expenses	4,054,354	3,845,145	8,313,381	7,240,036
Impairment of goodwill and intangible assets	16,111,494	-	16,111,494	-
Sales and marketing expenses	713,326	1,080,254	2,285,385	2,673,895
Total operating expenses	20,879,174	4,925,399	26,710,260	9,913,931
Operating income (loss)	(18,797,781)	32,496	(21,220,003)	456,635
<b>Other income (expense):</b>				
Interest income, net	6,159	27,719	19,919	63,752
Other income (expense)	3,458,220	4,753	7,263,998	3,631
Total other income (expense)	3,464,379	32,472	7,283,917	67,383
Income (loss) before income taxes	(15,333,402)	64,968	(13,936,086)	524,018
Income tax provision	3,709,936	49,773	4,162,812	219,277
Income (loss) from continuing operations	(19,043,338)	15,195	(18,098,898)	304,741
<b>Discontinued operations:</b>				
Income (loss) from discontinued component, including disposal costs	(64,301 )	(18,929 )	(155,422 )	39,416
Income tax provision (benefit)	(24,024 )	(7,072 )	(58,066 )	14,726
Income (loss) from discontinued operations	(40,277 )	(11,857 )	(97,356 )	24,690
Net income (loss)	\$(19,083,615)	\$3,338	\$(18,196,254)	\$329,431
<b>Earnings per share - basic<sup>1</sup>:</b>				
Income (loss) from continuing operations	\$(3.18 )	\$0.00	\$(3.01 )	\$0.05
Discontinued operations	(0.01 )	(0.00 )	(0.02 )	0.00
Net income (loss)	\$(3.19 )	\$0.00	\$(3.03 )	\$0.05
<b>Earnings per share - diluted<sup>1</sup>:</b>				
Income (loss) from continuing operations	\$(3.18 )	\$0.00	\$(3.01 )	\$0.05
Discontinued operations	(0.01 )	(0.00 )	(0.02 )	0.00
Net income (loss)	\$(3.19 )	\$0.00	\$(3.03 )	\$0.05
<b>Weighted average common shares outstanding:</b>				
Basic	5,983,490	6,189,371	6,010,521	6,209,995
Diluted	5,983,490	6,358,116	6,010,521	6,391,245

1 Certain amounts may not total due to rounding of individual components.

See accompanying notes to unaudited condensed consolidated financial statements.

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LIVEDEAL, INC. AND SUBSIDIARIES  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$(18,196,254)	\$329,431
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,902,347	1,002,336
Non-cash stock compensation expense	45,882	-
Amortization of deferred stock compensation	(132,367 )	457,170
Deferred income taxes	3,705,525	(9,802 )
Provision for uncollectible accounts	836,873	268,730
Noncash impairment of goodwill and other intangibles	16,111,494	-
Gain on sale of customer list	(2,815,952 )	-
Gain on sale of internet domain name	(3,805,778 )	-
Gain on amendment of directory services contract	(642,268 )	-
Loss on disposal of property and equipment	37,943	-
Changes in assets and liabilities:		
Accounts receivable	2,174,384	(601,130 )
Customer acquisition costs	-	94,444
Prepaid expenses and other current assets	(24,965 )	(24,798 )
Deposits and other assets	1,835	(323 )
Accounts payable	(585,918 )	(208,301 )
Accrued liabilities	94,561	41,312
Income taxes receivable and payable	396,460	260,193
Net cash provided by (used in) operating activities	(896,198 )	1,609,262
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of internet domain name	3,850,000	-
Proceeds from sale of customer list	2,783,097	-
Proceeds from amendment of directory services contract	642,268	-