

10QSB 1 iceweb10-qsb.htm FORM 10-QSB FOR 03-31-2008

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

FORM 10-QSB

(Mark One)

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

For the period ended March 31, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 0-27865

ICEWEB, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-2640971
(I.R.S. Employer Identification No.)

205 Van Buren Street, Suite 150
Herndon, VA 20170
(Address of principal executive offices)

(703) 964-8000
(Issuer's telephone number)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Check whether the issuer (1) 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 No

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: At May 13, 2008, there were 19,000,338 outstanding shares of common stock, \$.001 par value per share.

Transitional Small Business Disclosure Format (Check one): Yes No

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This quarterly report contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “project,” “contemplate,” “would,” “should,” “could,” or “may.” With respect to any forward-looking statement that includes a statement of its underlying assumptions or bases, we believe such assumptions or bases to be reasonable and have formed them in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material depending on the circumstances. When, in any forward-looking statement, we express an expectation or belief as to future results, that expectation or belief is expressed in good faith and is believed to have a reasonable basis, but there can be no assurance that the stated expectation or belief will result or be achieved or accomplished. All subsequent written and oral forward-looking statements attributable to us, or anyone acting on our behalf, are expressly qualified in their entirety by the cautionary statements.

OTHER PERTINENT INFORMATION

When used in this quarterly report, the terms “IceWEB,” the “Company,” “we,” “our,” and “us” refers to IceWEB, Inc., a Delaware corporation, and our subsidiaries. The information which appears on our web site at www.iceweb.com is not part of this quarterly report.

ICEWEB, INC. AND SUBSIDIARIES
FORM 10-QSB
QUARTERLY PERIOD ENDED MARCH 31, 2008

INDEX

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
Item 1 - Consolidated Financial Statements	4
Consolidated Balance Sheet at March 31, 2008 (Unaudited)	4
Consolidated Statements of Operations (Unaudited) For the Three and Six months Ended March 31, 2008 and 2007	5
Consolidated Statements of Cash Flows (Unaudited) For the Six months Ended March 31, 2008 and 2007	6
Notes to Unaudited Consolidated Financial Statements	7-18
Item 2 - Management's Discussion and Analysis or Plan of Operation	19-27
Item 3 - Controls and Procedures	28
PART II - OTHER INFORMATION	
Item 1 - Legal Proceedings	29
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	29
Item 3 - Default upon Senior Securities	29
Item 4 - Submission of Matters to a Vote of Security Holders	29
Item 5 - Other Information	29
Item 6 - Exhibits	29

PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

**ICEWEB, Inc.
Consolidated Balance Sheet
March 31, 2008
(Unaudited)**

CURRENT ASSETS:

Cash	\$ 123,399
Accounts receivable, net of allowance of \$9,000	2,523,600
Inventory, net of allowance of \$106,541	464,577
Other current assets	62,769
Prepaid expenses	71,543
	<u>3,245,888</u>

OTHER ASSETS:

Property and equipment, net	722,138
Deposits	71,804
Intangible assets, net of accumulated amortization of \$220,087	155,392
Goodwill	1,715,450
Total Assets	<u>\$ 5,910,672</u>

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 4,605,562
Notes payable	2,483,145
Deferred revenue	18,594
	<u>7,107,301</u>

Long-Term Liabilities

Notes payable	1,036,261
Total Liabilities	<u>8,143,562</u>

Stockholders' Deficit

Preferred stock (\$.001 par value; 10,000,000 shares authorized)	—
Series A convertible preferred stock (\$.001 par value; 0 shares issued and outstanding)	—
Series B convertible preferred stock (\$.001 par value; 1,833,334 shares issued and outstanding)	1,833
Common stock (\$.001 par value; 1,000,000,000 shares authorized; 15,800,338 shares issued and 15,637,838 shares outstanding)	15,802
Additional paid in capital	13,674,890
Accumulated deficit	(15,912,415)
Treasury stock, at cost, (162,500 shares)	(13,000)
Total stockholders' deficit	<u>(2,232,890)</u>
Total liabilities and stockholders' deficit	<u>\$ 5,910,672</u>

See accompanying notes to unaudited consolidated financial statements

ICEWEB, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	2008	2007	2008	2007
Sales	\$ 3,902,131	\$ 5,877,457	\$ 8,114,863	\$ 8,459,234
Cost of sales	3,264,075	5,181,233	6,877,890	7,476,642
Gross profit	<u>638,056</u>	<u>696,224</u>	-	-