

ICEWEB INC  
Form 10-Q  
February 16, 2010

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

### Form 10-Q

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

For the quarterly period ended December 31, 2009

OR

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: 0-27865

### **ICEWEB, INC.**

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

**Delaware**  
(State or other jurisdiction of

**13-2640971**  
(I.R.S. Employer

Edgar Filing: ICEWEB INC - Form 10-Q

incorporation or organization)

Identification No.)

22900 Shaw Road, Suite 111

Sterling, VA

20166

(Address of principal executive offices)

(Zip Code)

(571) 287-2380

(Issuer's telephone number)

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 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

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>

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 registrant's Common Stock, \$.001 par value, outstanding at February 15, 2010 was: 85,469,617.

**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 , contemplate , would , should , could , or may. With respect to any forward-looking statement that includes a statement of 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](http://www.iceweb.com) is not part of this quarterly report.

**ICEWEB, INC. AND SUBSIDIARIES**

**FORM 10-Q**

**QUARTERLY PERIOD ENDED December 31, 2009**

INDEX

	<u>Page</u>
<b>PART I - FINANCIAL INFORMATION</b>	
Item 1 - Consolidated Financial Statements	
Consolidated Balance Sheet at December 31, 2009 (unaudited) and September 30, 2009	4
Consolidated Statements of Operations (unaudited) For the Three months Ended December 31, 2009 and 2008	5
Consolidated Statements of Cash Flows (unaudited) For the Three months Ended December 31, 2009 and 2008	6
Consolidated Statements of Comprehensive Income (unaudited) For the Three months Ended December 31, 2009 and 2008	7
Notes to Unaudited Consolidated Financial Statements	8-22
Item 2 - Management's Discussion and Analysis or Plan of Operation	23-29
Item 3 - Quantitative and Qualitative Disclosures About Market Risk	29
Item 4 - Controls and Procedures	29
<b>PART II - OTHER INFORMATION</b>	
Item 1 - Legal Proceedings	30
Item 1A - Risk Factors	30
Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3 - Default upon Senior Securities	30
Item 4 - Submission of Matters to a Vote of Security Holders	30
Item 5 - Other Information	30
Item 6 - Exhibits	30
Signatures	31



**PART I - FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****ICEWEB, Inc.****Consolidated Balance Sheets****(Unaudited)**

	<b>December 31, 2009</b>	<b>September 30, 2009 (1)</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 4,115	\$ 63,310
Accounts receivable, net of allowance for doubtful accounts of \$9,000	582,308	424,919
Inventory, net	209,369	151,361
Other current assets	29,500	6,390
Prepaid expenses	42,178	25,180
	867,470	671,160
<b>OTHER ASSETS:</b>		
Property and equipment, net of accumulated depreciation of \$1,868,432 at December 31, 2009 and \$1,761,730 at September 30, 2009	680,550	752,162
Deposits	13,320	13,320
Investment in marketable securities available for sale	1,920,000	
Intangible assets, net of accumulated amortization of \$486,180 at December 31, 2009 and \$425,408 at September 30, 2009	729,270	790,042
Total Assets	\$ 4,210,610	\$ 2,226,684
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 1,903,007	\$ 1,971,376
Notes payable	1,847,219	1,847,755
Deferred revenue	10,000	10,261
	3,760,226	3,829,392
<b>Long-Term Liabilities</b>		
Notes Payable	967,884	934,756
Total Liabilities	4,728,110	4,764,148
<b>Stockholders Deficit</b>		
Preferred stock (\$.001 par value; 10,000,000 shares authorized) Series B convertible preferred stock (\$.001 par value; 626,667 shares issued and outstanding)	626	626
Common stock (\$.001 par value; 1,000,000,000 shares authorized; 83,469,617 shares issued and 83,307,117 shares outstanding at December 31, 2009 and 68,469,617 shares issued and 68,307,117 outstanding at September 30, 2008)	83,471	68,471
Additional paid in capital	21,740,595	20,064,998
Accumulated deficit	(24,118,192)	(22,658,559)
Accumulated other comprehensive income	1,872,000	
Subscription receivable	(83,000)	
Treasury stock, at cost, (162,500 shares)	(13,000)	(13,000)
Total stockholders deficit	(517,500)	(2,537,464)
Total Liabilities and stockholders deficit	\$ 4,210,610	\$ 2,226,684

(1) Derived from audited financial statements

See accompanying notes to unaudited consolidated financial statements

4

---

**ICEWEB, Inc.****Consolidated Statements of Operations****(Unaudited)**

	<b>Three Months Ended</b>	
	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>Sales</b>	\$ 600,817	\$ 1,740,588
<b>Cost of sales</b>	273,624	1,267,675
<b>Gross profit</b>	327,193	472,913
<b>Operating expenses:</b>		
Marketing and selling	16,455	11,244
Depreciation and amortization	167,474	176,248
Research and development	79,565	81,665
General and administrative (1)	1,390,372	667,059
<b>Total Operating Expenses</b>	1,653,866	936,216
<b>Loss From Operations</b>	(1,326,673)	(463,303)
<b>Other income (expenses):</b>		
Interest income		483