

MERCADOLIBRE INC
Form 10-Q
November 12, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

-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 001-33647

MercadoLibre, Inc.

(Exact name of Registrant as specified in its Charter)

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Delaware
(State or other jurisdiction)
98-0212790
(I.R.S. Employer
Identification Number)
of incorporation or organization)
Tronador 4890, 8th Floor
Buenos Aires, C1430DNN, Argentina
(Address of registrant's principal executive offices)
011-54-11-5352-8000
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, 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 check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definition 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 small 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 ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

44,296,621 shares of the issuer's common stock, \$0.001 par value, outstanding as of November 1, 2008.

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MercadoLibre, Inc.

Condensed Consolidated Balance Sheet

As of September 30, 2008 and December 31, 2007

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,403,585	\$ 15,677,407
Short-term investments	20,489,006	52,300,007
Accounts receivable	5,714,806	3,211,252
Funds receivable from customers	34,893,877	29,162,763
Prepaid expenses	793,683	283,477
Deferred tax assets	3,784,991	3,445,101
Other assets	3,035,568	894,163
Total current assets	79,115,516	104,974,170
Non-current assets:		
Long-term investments	3,057,065	1,323,789
Property and equipment, net	5,874,868	4,143,204
Goodwill and intangible assets, net	80,592,075	23,428,646
Deferred tax assets		269,596
Other assets	485,237	353,395
Total non-current assets	90,009,245	29,518,630
Total assets	\$ 169,124,761	\$ 134,492,800
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,067,876	\$ 9,278,138
Funds payable to customers	18,983,336	16,418,177
Social security payable	5,227,666	3,778,236
Taxes payable	4,748,841	2,493,749
Loans payable	18,497,771	9,713,227
Provisions	1,012,021	69,979
Total current liabilities	66,537,511	41,751,506
Non-current liabilities:		
Deferred tax liabilities	2,587,639	
Other liabilities	1,129,760	1,068,155

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Total non-current liabilities	3,717,399	1,068,155
Total liabilities	\$ 70,254,910	\$ 42,819,661

Commitments and contingencies (Note 9)

Shareholders' equity:

Common stock, \$0.001 par value, 110,000,000 shares authorized, 44,296,621 and 44,226,563 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	44,297	44,227
Additional paid-in capital	122,172,907	121,890,138
Accumulated deficit	(23,473,353)	(34,363,917)
Accumulated other comprehensive income	126,000	4,102,691

Total shareholders' equity	98,869,851	91,673,139
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Total liabilities and shareholders' equity	\$ 169,124,761	\$ 134,492,800
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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Diluted net income per common share	\$	0.25	\$	0.10	\$	0.13	\$	0.07
Weighted average shares		44,374,124		18,608,181		44,379,682		27,685,028

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

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MercadoLibre, Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficit)

For the nine-month periods ended September 30, 2008 and 2007

	Comprehensive income	Common stock Shares	Amount	Additional paid-in capital	Preferred stock warrants	Accumulated deficit	Accumulated other comprehensive income	Total
Balance as of December 31, 2006		13,166,982	\$ 131,670	\$ 2,694,404	\$	\$ (44,054,817)	\$ 500,536	\$ (40,728,207)
Shares issued in 2000 and 2001 (1)		204,000	2,040			(2,040)		
Stock options exercised		483,470	4,835	33,744				38,579
Stock-based compensation				20,434				20,434
Stock-based compensation restricted shares				1,977				1,977
Accretion of mandatorily redeemable convertible preferred stock				(309,299)				(309,299)
Change in par value of common stock			(124,690)	124,690				
Issuance of common stock		3,000,000	3,000	49,570,239				49,573,239
Conversion of mandatorily redeemable convertible preferred stock into common stock								