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VERTICALBUYER INC
Form 10QSB
July 27, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarter ended June 30, 2004

or

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

For the transition period from ____ to ____

Commission File Number 333-34144

VERTICALBUYER, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	98-0216911
-----	-----
(State of Incorporation)	(I.R.S. Employer Identification No.)

c/o Gottbetter & Partners, LLP	
488 Madison Avenue, 12th Floor	
New York, New York	10022
-----	-----
(Address of principal executive offices)	(Zip Code)

(212) 400-6900
(Issuer's telephone number, including area code)

Check whether the issuer (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, and (2) has been subject to such filing requirements for the past 90 days. Yes | X | No | |

As of July 27, 2004, there were 17,391,667 shares of the VerticalBuyer, Inc.'s common stock, par value \$0.001 issued and outstanding.

VERTICALBUYER, INC.
JUNE 30, 2004 QUARTERLY REPORT ON FORM 10-QSB

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References in this report to "we", "us", "our" and similar terms means VerticalBuyer, Inc., a Delaware corporation, and its wholly owned subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

To the extent that the information presented in this Quarterly Report on Form 10-QSB for the quarter ended June 30, 2004 discusses financial projections, information or expectations about our products or markets, or otherwise makes statements about future events, such statements are forward-looking. We are making these forward-looking statements in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These risks and uncertainties are described, among other places in this Quarterly Report, in "Management's Discussion and Analysis or Plan of Operation".

In addition, we disclaim any obligations to update any forward-looking statements to reflect events or circumstances after the date of this Quarterly Report. When considering such forward-looking statements, you should keep in mind the risks referenced above and the other cautionary statements in this Quarterly Report.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Consolidated Balance Sheet for period ended June 30, 2004

Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2004 and 2003

Consolidated Statements of Cash Flows for the Three and Six Months Ended June 30, 2004 and 2003

Notes to Consolidated Financial Statements.

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VERTICALBUYER, INC.

 CONSOLIDATED BALANCE SHEET

JUNE 30, 2004

 (Unaudited)

ASSETS

Current Assets:

Cash	\$	-

	\$	-
		=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$	113,345

Total current liabilities		113,345

Stockholders' deficit:

Common stock, \$.001 par value; 50,000,000 authorized, 17,391,667 issued and outstanding		17,392
Additional paid-in capital		2,008,670
Accumulated deficit		(2,139,407)

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Total stockholders' deficit	(113,345)
	\$ -
	=====

See notes to consolidated financial statements

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VERTICALBUYER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues	\$ -	\$ -	\$ -	\$ -
Cost of Sales	-	-	-	-
GROSS PROFIT	-	-	-	-
Expenses:				
Selling, general and administrative	-	-	-	-
Interest income expense, net	-	-	-	-
Total operating expenses	-	-	-	-
Loss from continuing operations	-	-	-	-
Loss from discontinued operations . . .	-	-	-	-
NET LOSS	\$ -	\$ -	\$ -	\$ -
NET LOSS PER WEIGHTED AVERAGE SHARES OUTSTANDING - Basic and diluted				
Continued operations	\$ -	\$ -	\$ -	\$ -
Discontinued operations	\$ -	\$ -	\$ -	\$ -

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	=====	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING	17,033,334	17,033,334	17,033,334	17,033,334
	=====	=====	=====	=====

See notes to consolidated financial statements

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VERTICALBUYER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	June 30,	
	2004	2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ -	\$ -
Adjustments to reconcile net (loss) to net cash (used) in operating activities:		
Loss (income) from discontinued operations	-	-
Changes in assets and liabilities:	-	-
	-----	-----
NET CASH USED BY OPERATING ACTIVITIES	-	-
Effect of exchange rate differences on cash and cash equivalents	-	-
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, beginning of period	-	-
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ -	\$ -
	=====	=====

See notes to consolidated financial statements

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VERTICALBUYER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared

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in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of June 30, 2004 are included.

The results of operations for the three month period ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vertical Buyer, (the "Company") a Delaware corporation, was incorporated on September 24, 1999 and on March 1, 2000 issued 14,250,000 shares of its common stock to the shareholders of Lightseek Limited in exchange for all of the outstanding common stock of Lightseek Limited. On February 15, 2001, Lightseek Limited acquired all of the outstanding common stock of Litech Limited. The acquisition of Litech has been accounted for under the purchase method, and, accordingly, Litech's operations have been included in the Company's consolidated financial statements from its date of acquisition. Lightseek is principally engaged in the development of Internet sites designed to exploit Business-to-Business e-commerce opportunities within the global commercial electrical and lighting markets. Litech is a specialist designer and manufacturer of fiber optic lighting applications for the entertainment, commercial and retail markets. In September 2001 the Company discontinued the operations of both Lightseek Limited and Litech Limited.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid short-term investments, with a remaining maturity of three months or less when purchased, to be cash equivalents.

Principles of Consolidation

The consolidated financial statements of the Company include those of the Company and of each of its subsidiaries for the periods in which the subsidiaries were owned/held by the Company. All significant intercompany accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

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Stock Options

Statement of Financial Accounting Standards No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure, an Amendment of FASB Statement No. 123," amends the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), to require more prominent disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee

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compensation and the effect of the method used on reported results.

The Company accounts for stock-based compensation to employees and directors using the intrinsic value method of accounting as prescribed under Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" and related Interpretations. Under the intrinsic value method, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized in the Company's Consolidated Statements of Operations

Loss per share

Loss per share has been determined based on the Company's net loss divided by the weighted average number of common shares outstanding. Warrants and options to purchase shares of common stock outstanding at June 30, 2004 were not included in the computation of diluted loss per share because the effect of their inclusion would be antidilutive.

Foreign currency

The assets and liabilities of the foreign subsidiary are translated at current exchange rates and their related revenues and expenses at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component of stockholders' deficit while foreign currency transaction gains and losses are included in operations.

Income taxes

Deferred income taxes are provided on a liability method whereby deferred tax assets are established for the difference between the financial reporting and income tax basis of assets. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

VerticalBuyer, (the "Company") a Delaware corporation, was incorporated on September 24, 1999 and on March 1, 2000 issued 14,250,000 shares of its common stock to the shareholders of Lightseek Limited in exchange for all of the outstanding common stock of Lightseek Limited. On February 15, 2001, Lightseek Limited acquired all of the outstanding common stock of Litech Limited. Lightseek was principally engaged in the development of Internet sites designed to exploit Business-to-Business e-commerce opportunities within the global commercial electrical and lighting markets. Litech was a specialist designer and manufacturer of fiber optic lighting applications for the entertainment, commercial and retail markets. In September 2001, the Company discontinued the operations of both Lightseek Limited and Litech Limited.

VerticalBuyer had sought to specialize in the creation of Internet based news sites dedicated to specific industries. Lightseek was our first website developed for the commercial lighting industry. Subsequently, other lighting sites were also tested, including an auction site for the global market. Following a consolidation of these sites, we are currently evaluating how to re-launch Lightseek, which we believe is the brand-name that has the greatest

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franchise in the market.

We require additional funding for working capital in order to resume operations. Such financing may be through the sale of common stock and or debt issuances. However, we do not have any commitment from any sources to raise this capital. If management is unable to generate external financing, we will not be able to resume operations.

As of September 30, 2001 the Company had no operations, no revenues, no cash and no assets.

As of June 30, 2004 the Company had no operations, no revenues, no cash and no assets.

On March 12, 2004 controlling shareholders Leslie Kent and Timothy Rosen sold their combined shares of common stock totaling 13,950,000 shares, which represents approximately eighty percent (80%) of the Company's outstanding shares, to Maximum Ventures, Inc. for \$150,000. Although this sale was executed on March 12, 2004 there are certain post closing conditions which have not yet been met. Maximum Ventures, Inc. also assumed certain liabilities of the Company. Maximum Ventures, Inc. is located at 1175 Walt Whitman Road, Suite 100, Melville, New York 11747.

ITEM 3. CONTROLS AND PROCEDURES

Our principal executive officer and principal financial officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on this evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's controls and procedures are effective in providing reasonable assurance that the information required to be disclosed in this report has been recorded, processed, summarized and reported as of the end of the period covered by this report. During the period covered by this report, there have not been any significant changes in our internal controls or, to my knowledge, in other factors that could significantly affect our internal controls.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On February 11, 2002 there was a judgment entered against VerticalBuyer for \$42,000 with post-judgment interest at the rate of ten percent (10%) per annum from the judgment date until paid and 225,000 shares of common stock in VerticalBuyer, Inc., together with all costs of Court. The judgment was in the case Intratech Capital Partners, Ltd. v. VerticalBuyer, Inc., Cause No. CC-01-06374-B, in the County Court, Dallas County, Texas. On March 12, 2004 a Mutual Release with Judgment Holder Intratech Capital Partners, LTD. was executed.

ITEM 2. CHANGES IN SECURITIES AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

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None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

On March 12, 2004 controlling shareholders Leslie Kent and Timothy Rosen sold their combined shares of common stock totaling 13,950,000 shares, which represents approximately eighty percent (80%) of the Company's outstanding shares, to Maximum Ventures, Inc. for \$150,000. Maximum Ventures, Inc. also assumed certain liabilities of the Company. Although this sale was executed on March 12, 2004 there are certain post closing conditions which have not yet been met. Maximum Ventures, Inc. is located at 1175 Walt Whitman Road, Suite 100, Melville, New York 11747.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit No. Description of Exhibit

- 2.1 Stock Purchase Agreement, dated March 12, 2004 between Leslie Kent and Timothy Rosen, and Maximum Ventures, Inc.
- 10.1 Stock Purchase Agreement, dated March 12, 2004 between Leslie Kent and Timothy Rosen, and Maximum Ventures, Inc. (filed as exhibit 2.1)
- 10.2 Mutual Release with Judgment Holder Intratech Capital Partners, LTD., dated March 12, 2004
- 31.1 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Financial Officer
- 32.1 Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the period represented by this Quarterly Report on Form 10-QSB.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this 10-QSB report for the period ended June 30, 2004 to be signed on its behalf by the undersigned, thereunto duly authorized.

VERTICALBUYER, INC.

Dated: July 27, 2004

By: /s/ Timothy Rosen

Timothy Rosen
President and Chief Executive Officer

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Dated: July 27, 2004

By: /s/ Leslie Kent

Leslie Kent
Chief Financial Officer

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