

ICEWEB INC
Form 8-K
April 15, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 30, 2009

ICEWEB, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-27865
(Commission
File Number)

13-2640971
(IRS Employer
Identification No.)

22900 Shaw Road, Suite 111, Sterling, VA 20166

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 703-964-8000

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205 Van Buren Street, Suite 150, Herndon, VA 20170

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

See Item 2.01, below, regarding the discussion of the Stock Purchase Agreement dated March 30, 2009, which was entered into by IceWEB, Inc. (the Company), IceWEB Virginia, Inc., and **ABC NETWORKS, INC.**, a Virginia corporation (ABC), as reported in the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 6, 2009. A copy of the Stock Purchase Agreement is attached hereto as Exhibit 2.1.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On March 30, 2009, the Company completed the sale of IceWEB Virginia, Inc., a wholly owned subsidiary, to ABC Networks, Inc., (ABC) a privately held U.S. company.

Pursuant to the terms of the transaction, ABC acquired 100% of the outstanding common stock of IceWEB, Virginia, Inc.

The aggregate sales price consisted of the following:

| | |
|---------------------------------------|-----------------|
| Common stock issued to purchaser | \$ 80,000 |
| Net book value of disposed subsidiary | (3,680,421) |
| | \$ (3,600,421) |

The following table summarizes the estimated fair values of IceWeb Virginia's assets and liabilities disposed of at the date of the sale:

| | |
|--|--------------|
| Intangible assets, net | \$ (53,565) |
| IceWEB, Inc. common stock | (80,000) |
| Accounts payable and accrued liabilities | 3,733,986 |
| Estimated gain on the sale | \$ 3,600,421 |

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma financial information.

Unaudited Pro Forma Combined Balance Sheet and Unaudited Pro Forma Combined Statement of Operations of IceWEB, Inc. for fiscal 2008 and the first quarter of fiscal 2009.

(d) Exhibits.

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Exhibit 2.1
Exhibit 99.1

Stock Purchase Agreement
Press release dated April 8, 2009

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The following proforma financial statements were prepared to reflect the proforma balance sheet and statement of operations of IceWEB, Inc. for fiscal 2008 and the first quarter of fiscal 2009, assuming the sale of IceWEB Virginia, Inc. had occurred as of September 30, 2007. The allocation of indirect corporate expenses from IceWEB, Inc. to IceWEB Virginia, Inc. are not reflected in the statements of operations presented so as to provide meaningful proforma results for IceWEB, Inc.

ICEWEB, Inc.

**Unaudited Pro Forma Combined Balance Sheet
September 30, 2008**

| | Consolidated Iceweb, Inc. | Iceweb Virginia, Inc. | Proforma, excluding Iceweb Virginia, Inc. |
|--|--------------------------------------|--------------------------------------|--|
| CURRENT ASSETS: | | | |
| Cash | \$4,780 | \$ | \$4,780 |
| Accounts receivable, net | 3,094,110 | 2,976,798 | 117,312 |
| Prepaid expenses | 55,155 | 969 | 54,186 |
| Inventory | 400,312 | 248,878 | 151,434 |
| Other current assets | 21,572 | | 21,572 |
| | 3,575,929 | 3,226,645 | 349,284 |
| OTHER ASSETS: | | | |
| Property and equipment, net | 1,169,369 | | 1,169,369 |
| Deposits | 61,418 | | 61,418 |
| Intangible assets, net of accumulated amortization of \$458,318) | 1,132,612 | 99,479 | 1,033,133 |
| Total Assets | \$5,939,328 | \$3,326,124 | \$2,613,204 |
| CURRENT LIABILITIES: | | | |
| Accounts payable and accrued liabilities | \$7,762,872 | \$6,680,151 | \$1,082,721 |
| Notes payable | 1,372,565 | | 1,372,565 |
| Deferred revenue | 13,164 | 10,000 | 3,164 |
| | 9,148,601 | 6,690,151 | 2,458,450 |
| Long-Term Liabilities | | | |
| Notes Payable | 956,520 | | 956,520 |
| Total Liabilities | 10,105,121 | 6,690,151 | 3,414,970 |
| 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; 1,253,334 shares issued and outstanding) | 1,253 | | 1,253 |
| Common stock (\$.001 par value; 1,000,000,000 shares authorized; 24,688,088 shares issued and 24,425,588 shares outstanding) | 24,690 | | 24,690 |
| Additional paid in capital | 15,953,221 | | 15,953,221 |
| Accumulated deficit | (20,131,957) | (3,364,027) | (16,767,930) |
| Treasury stock, at cost, (162,500 shares) | (13,000) | | (13,000) |
| Total stockholders deficit | (4,165,793) | (3,364,027) | (801,766) |
| Total liabilities and stockholders deficit | \$5,939,328 | \$3,326,124 | \$2,613,204 |

ICEWEB, Inc.**Unaudited Pro Forma Combined Statement of Operations
For the twelve months ended September 30, 2008**

| | Consolidated Iceweb, Inc. | Iceweb Virginia, Inc. | Proforma, excluding IceWEB Virginia, Inc. |
|---|--------------------------------------|----------------------------------|--|
| Sales | \$ 16,294,423 | \$ 14,886,699 | \$ 1,407,725 |
| Cost of sales | 14,067,629 | 13,308,888 | 758,742 |
| Gross profit | 2,226,794 | 1,577,811 | 648,983 |
| Operating expenses: | | | |
| Marketing and selling | 192,595 | 13,170 | 179,425 |
| Depreciation and amortization expense | 575,499 | 91,826 | 483,673 |
| Research and development | 303,526 | 303,526 | |
| General and administrative | 6,910,039 | 1,154,936 | 5,755,103 |
| Total Operating Expenses | 7,981,659 | 1,563,458 | 6,418,201 |
| Income (loss) From Operations | (5,754,865) | 14,353 | (5,769,218) |
| Other income (expenses): | | | |
| Interest income | 3,444 | | 3,444 |
| Interest expense | (659,372) | (578,654) | (80,718) |
| Total other income (expenses): | (655,928) | (578,654) | (77,274) |
| Net loss | \$(6,410,793) | \$(564,301) | \$(5,846,492) |
| Basic and diluted loss per common share | \$(0.35) | \$(0.03) | \$(0.32) |
| Weighted average common shares outstanding basic and diluted | 18,321,369 | 18,321,369 | 18,321,369 |

ICEWEB, Inc.**Unaudited Pro Forma Combined Balance Sheet**

As of December 31, 2008

| | Consolidated Iceweb, Inc. | Iceweb Virginia, Inc. | Proforma, excluding IceWEB, Virginia, Inc. |
|--|--------------------------------------|--------------------------------------|---|
| CURRENT ASSETS: | | | |
| Cash | \$3,498 | \$ | \$3,498 |
| Accounts receivable, net of allowance of \$9,000 | 3,794,162 | 3,536,902 | 257,260 |
| Inventory | 461,055 | 248,759 | 212,296 |
| Other current assets | 16,807 | | 16,807 |
| Prepaid expenses | 55,308 | | 55,308 |
| | 4,330,830 | 3,785,661 | 545,169 |
| OTHER ASSETS: | | | |
| Property and equipment, net | 1,091,968 | | 1,091,968 |
| Deposits | 61,418 | | 61,418 |
| Intangible assets, net of accumulated amortization of \$442,047) | 1,048,882 | 76,522 | 972,360 |
| Total Assets | \$6,533,098 | \$3,862,183 | \$2,670,915 |
| CURRENT LIABILITIES: | | | |
| Accounts payable and accrued liabilities | \$7,865,191 | \$6,671,521 | \$1,193,670 |
| Notes payable | 1,842,055 | | 1,842,055 |
| Deferred revenue | 14,396 | 10,000 | 4,396 |
| | 9,721,642 | 6,681,521 | 3,040,121 |
| Long-Term Liabilities | | | |
| Notes payable | 1,145,921 | | 1,145,921 |
| Total Liabilities | 10,867,563 | 6,681,521 | 4,186,042 |
| Stockholders Deficit | | | |
| Preferred Stock (\$.001 par value; 10,000,000 shares authorized) | | | |
| Series B convertible preferred stock (\$.001 par value; 1,253,334 shares issued and outstanding) | 1,253 | | 1,253 |
| Common stock (\$.001 par value; 1,000,000,000 shares authorized; 30,979,369 shares issued and 30,816,669 shares outstanding) | 30,981 | | 30,981 |
| Additional paid in capital | 16,437,291 | | 16,437,291 |
| Accumulated deficit | (20,790,990) | (2,819,338) | (17,971,652) |
| Treasury stock, at cost, (162,500 shares) | (13,000) | | (13,000) |
| Total stockholders deficit | \$(4,334,465) | \$(2,819,338) | \$(1,515,127) |
| Total Liabilities and stockholders deficit | \$6,533,098 | \$3,862,183 | \$2,670,915 |

ICEWEB, Inc.**Unaudited Pro Forma Combined Statement of Operations
For the three months ended December 31, 2008**

| | Consolidated Iceweb, Inc. | Iceweb Virginia, Inc. | Proforma |
|---|--------------------------------------|----------------------------------|-----------------|
| Sales | \$ 1,740,588 | \$ 1,237,152 | \$ 503,436 |
| Cost of sales | 1,267,675 | 1,015,975 | 251,700 |
| Gross profit | 472,913 | 221,177 | 251,736 |
| Operating expenses: | | | |
| Marketing and selling | 11,244 | 100 | 11,144 |
| Depreciation and amortization expense | 176,248 | 22,957 | 153,291 |
| Research and Development | 81,665 | | 81,665 |
| General and administrative | 667,059 | 92,459 | 574,600 |
| Total Operating Expenses | 936,216 | 115,516 | 820,700 |
| Income (loss) From Operations | (463,303) | 105,661 | (568,964) |
| Other income (expenses): | | | |
| Gain/(loss) from sale of assets | | | |
| Interest income | 483 | | 483 |
| Interest expense | (196,214) | (112,152) | (84,062) |
| Total other income (expenses): | (195,731) | (112,152) | (83,579) |
| Net income (loss) | \$(659,034) | \$(6,491) | \$(652,543) |
| Basic and diluted loss per common share | \$(0.02) | \$(0.00) | \$(0.02) |
| Weighted average common shares outstanding basic and diluted | 28,855,635 | 28,855,635 | 28,855,635 |

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICEWEB, INC.

April 15, 2009

By: /s/ John R. Signorello
John R. Signorello
CEO and principal executive officer

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