

THEGLOBE COM INC
Form 10-Q
November 14, 2008

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

FORM 10-Q

**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

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 0-25053

THEGLOBE.COM, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

STATE OF DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

14-1782422
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

110 EAST BROWARD BOULEVARD, SUITE 1400
FORT LAUDERDALE, FL 33301
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(954) 769 - 5900

(Registrant's telephone number, including area code)

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. x Yes o 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 "small reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer o Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company x

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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 outstanding of the Registrant's Common Stock, \$.001 par value (the "Common Stock") as of November 14, 2008 was 441,484,838.

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PART I - FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****THEGLOBE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2008 (UNAUDITED)	DECEMBER 31, 2007
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 45,055	\$ 631,198
Accounts receivable from related parties	12,026	416,566
Accounts receivable	128,464	12,213
Prepaid expenses	85,459	173,794
Other current assets	—	4,219
Net assets of discontinued operations	—	30,000
Total current assets	271,004	1,267,990
Property and equipment, net	—	35,748
Intangible assets, net	—	368,777
Other assets	40,000	40,000
Total assets	\$ 311,004	\$ 1,712,515
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable to related parties	\$ 667	\$ 499,631
Accounts payable	223,845	263,683
Accrued expenses and other current liabilities	744,399	953,826
Accrued interest due to related parties	10,630	954,795
Notes payable due to related parties	500,000	4,650,000
Deferred revenue	—	1,443,589
Net liabilities of discontinued operations	1,843,060	1,902,344
Total current liabilities	3,322,601	10,667,868
Deferred revenue	—	401,248
Total liabilities	3,322,601	11,069,116
Stockholders' Deficit:		
Common stock, \$0.001 par value; 500,000,000 shares authorized; 441,484,838 and 172,484,838 shares issued at September 30, 2008 and December 31, 2007, respectively	441,485	172,485
Additional paid-in capital	294,316,249	290,486,232

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Accumulated deficit	(297,769,331)	(300,015,318)
Total stockholders' deficit	(3,011,597)	(9,356,601)
Total liabilities and stockholders' deficit	\$ 311,004	\$ 1,712,515

See notes to unaudited condensed consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(UNAUDITED)		(UNAUDITED)	
Net Revenue	\$ 2,074,562	\$ 599,580	\$ 3,165,587	\$ 1,676,644
Operating Expenses:				
Cost of revenue	125,505	183,532	274,334	376,835
Sales and marketing	90,263	439,008	386,664	1,669,688
General and administrative	435,973	615,207	1,626,593	2,798,238
Related party transactions	105,424	83,576	388,806	367,368
Depreciation	8,802	21,738	30,379	64,792
Intangible asset amortization	289,753	39,512	368,777	118,535
Total Operating Expenses	1,055,720	1,382,573	3,075,553	5,395,456
Operating Income (Loss) from Continuing Operations	1,018,842	(782,993)	90,034	(3,718,812)
Other Income (Expense), net:				
Gain on Tralliance Asset Sale	2,524,711	—	2,524,711	—
Related party interest expense	(115,576)	(860,151)	(346,151)	(1,531,425)
Interest income (expense), net	(35)	(908)	3,201	55,585
Other income	—	10,048	247	10,048
	2,409,100	(851,011)	2,182,008	(1,465,792)
Income (Loss) from Continuing Operations Before Income Tax	3,427,942	(1,634,004)	2,272,042	(5,184,604)
Income Tax Provision	44,919	—	44,919	—
Income (Loss) from Continuing Operations	3,383,023	(1,634,004)	2,227,123	(5,184,604)
Discontinued Operations, net of tax:	(3,096)	251,196	18,864	(752,816)
Net Income (Loss)	\$ 3,379,927	\$ (1,382,808)	\$ 2,245,987	\$ (5,937,420)
Loss Per Share:				
Basic and Diluted:				
Continuing Operations	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.03)
Discontinued Operations	\$ —	\$ —	\$ —	\$ —
Net Income (Loss)	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.03)
Weighted Average Common Shares Outstanding	214,974,068	172,484,838	189,670,966	172,484,838

See notes to consolidated financial statements.

THEGLOBE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2008 2007	
	(UNAUDITED)	
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 2,245,987	\$ (5,937,420)
Add back: (income) loss from discontinued operations	(18,864)	752,816
Net loss from continuing operations	2,227,123	(5,184,604)
Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities		
Gain on Tralliance Asset Sale	(2,524,711)	—
Depreciation and amortization	399,156	183,327
Non-cash interest expense related to beneficial conversion features of debt	—	1,250,000
Employee stock compensation	19,429	131,076
Compensation related to non-employee stock options	1,278	5,796
Changes in operating assets and liabilities		
Accounts receivable from related parties	404,540	6,433
Accounts receivable	(116,251)	(119,831)
Prepaid and other current assets	52,124	146,250
Accounts payable to related parties	370,539	188,947
Accounts payable	(39,838)	126,490
Accrued expenses and other current liabilities	(209,427)	(305,602)
Accrued interest due to related parties		