

IMERGENT INC  
Form 10-Q  
May 04, 2009

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **March 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 001-32277

**iMergent, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**87-0591719**

*(I.R.S. Employer Identification No.)*

**10235 South 51<sup>st</sup> Street, Phoenix, AZ**

*(Address of Principal Executive Offices)*

**85044**

*(Zip Code)*

**(801) 227-0004**

*(Registrant's telephone number, including area code)*

**1303 North Research Way, Orem, UT 84097**

*\_(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 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, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

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 as of April 30, 2009 was 11,415,945.**



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**PART I - FINANCIAL INFORMATION****Item 1.****Financial Statements.****iMERGENT, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets  
(In thousands, except per share data)  
(unaudited)**

	<b>March 31,</b>		<b>June 30,</b>
	<b>2009</b>		<b>2008</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 21,528	\$	26,184
Restricted cash	2,797		
Trade receivables, net of allowance for doubtful accounts of \$8,533 as of March 31, 2009 and \$13,797 as of June 30, 2008	22,515		28,723
Income taxes receivable	786		793
Inventories	688		627
Deferred income tax assets	1,674		3,891
Prepaid expenses and other	2,170		3,849
Total Current Assets	52,158		64,067
Certificate of deposit	500		500
Available-for-sale securities			3,800
Long-term trade receivables, net of allowance for doubtful accounts of \$5,345 as of March 31, 2009 and \$4,786 as of June 30, 2008	10,888		9,845
Property and equipment, net	1,431		1,672
Deferred income tax assets	4,834		4,385
Intangible assets, net	1,508		1,831
Merchant account deposits and other	382		514
Total Assets	\$ 71,701	\$	86,614
<b>Liabilities and Stockholders' Equity</b>			
Current Liabilities:			
Accounts payable	\$ 3,029	\$	4,760
Accrued expenses and other	6,888		5,678

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Income taxes payable	44	212
Dividend payable	228	
Deferred revenue, current portion	25,247	32,859
Total Current Liabilities	35,436	43,509
Deferred revenue, net of current portion	11,173	10,332
Income tax reserves and other	9,454	298
Total Liabilities	56,063	54,139
Commitments and contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, par value \$0.001 per share - authorized 5,000,000 shares; none issued		
Common stock, par value \$0.001 per share - authorized 100,000,000 shares; 11,409,070 shares outstanding as of March 31, 2009 and 11,304,410 shares outstanding as of June 30, 2008	11	11
Additional paid-in capital	52,554	53,315
Accumulated deficit	(36,927 )	(20,851 )
Total Stockholders' Equity	15,638	32,475
Total Liabilities and Stockholders' Equity	\$ 71,701	\$ 86,614

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

**iMERGENT, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations**  
**(In thousands, except per share data)**  
**(unaudited)**

	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>				
Product and other	\$ 15,071	\$ 19,125	\$ 54,552	\$ 74,650
Commission and other	5,850	8,432	20,488	24,286
Total revenues	20,921	27,557	75,040	98,936
<b>Operating expenses:</b>				
Cost of product and other revenues	5,802	7,508	23,605	32,933
Selling and marketing	9,336	14,482	43,982	53,678
General and administrative	4,051	4,243	14,830	13,561
Research and development	515	587	1,595	1,580
Total operating expenses	19,704	26,820	84,012	101,752
Income (Loss) from operations	1,217	737	(8,972 )	(2,816 )
<b>Other income (expense):</b>				
Interest income	1,627	2,168	5,308	6,868
Interest expense	(3 )	(1 )	(10 )	(1 )
Other income (expense), net	(63 )	91	(846 )	397
Total other income, net	1,561	2,258	4,452	7,264
Income (loss) before income tax provision	2,778	2,995	(4,520 )	4,448
Income tax provision	(1,226 )	(1,253 )	(11,556 )	(1,860 )
Net income (loss)	\$ 1,552	\$ 1,742	\$ (16,076 )	\$ 2,588



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Net income (loss) per common share:

Basic	\$	0.14	\$	0.15	\$	(1.42 )	\$	0.22
Diluted	\$	0.14	\$	0.15	\$	(1.42 )	\$	0.22
Dividends per common share:	\$	0.02	\$	0.11	\$	0.15	\$	0.33

Weighted average common shares

outstanding:

Basic	11,366,853	11,484,336	11,356,192	11,802,766
Diluted	11,426,307	11,672,142	11,356,192	12,001,375

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

**iMERGENT, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statement of Stockholders' Equity**  
**Nine Months Ended March 31, 2009**  
**(In thousands, except number of shares)**  
**(unaudited)**

	<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid-in</b>	<b>Deficit</b>	<b>Stockholders'</b>
			<b>Capital</b>		<b>Equity</b>
Balance, July 1, 2008	11,304,410	\$ 11	\$ 53,315	\$ (20,851 )	\$ 32,475
Stock based compensation expense			1,189		1,189
Stock issued under stock award plans (net of forfeitures)	213,760		498		498
Dividends declared	-		(1,714 )		(1,714 )
Repurchase of common stock	(109,100 )		(734 )		(734 )