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VERTICALBUYER INC
Form 10QSB
November 22, 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 September 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 or other jurisdiction of
incorporation or organization)

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

1175 Walt Whitman Rd.
Suite 100
Melville, New York

11747

(Address of principal executive offices)

(Zip Code)

(631) 424-9009

(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 No

As of October 1, 2004, there were 17,391,667 shares of the registrant's common stock, par value \$0.001 issued and outstanding.

VERTICALBUYER, INC.
SEPTEMBER 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.

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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 September 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 of Financial Condition and Results of Operations".

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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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VERTICALBUYER, INC.

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2004

(Unaudited)

ASSETS

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable and accrued expenses	\$ 73,420

Total current liabilities	73,420

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

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Accumulated deficit	(2,099,482)

Total stockholders' deficit	(73,420)

	\$ -
	=====

See notes to financial statements

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VERTICALBUYER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2004
Revenues	\$ -	\$ -	\$ -	\$ -
Cost of Sales	-	-	-	-
GROSS PROFIT	-	-	-	-
Expenses:				
Selling, general and administrative	770	-	770	-
Interest income, net	-	-	-	-
Total operating expenses	770	-	770	-
Loss from continuing operations	(770)	-	(770)	-
Income from discontinued operations	40,695	-	40,695	-
NET LOSS	\$ 39,925	\$ -	\$ 39,925	\$ -
NET LOSS PER WEIGHTED AVERAGE SHARES OUTSTANDING - Basic and diluted Continued operations	\$ -	\$ -	\$ -	\$ -

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Discontinued operations	\$ -	\$ -	\$ -	\$ -
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	\$17,033,334	17,033,334	17,033,334	17,033,334

See notes to financial statements

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VERTICALBUYER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (770)	\$ -
Adjustments to reconcile net (loss) to net cash flows (used) in operating activities:		
Income from discontinued operations	40,695	-
Changes in assets and liabilities:		
Accounts payable and accrued liabilities	(39,925)	
NET CASH USED BY OPERATING ACTIVITIES	-	-
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 financial statements

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VERTICALBUYER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SEPTEMBER 30, 2004 and 2003
(unaudited)

Note 1 - Basis of presentation

The accompanying unaudited consolidated financial statements and related notes have been prepared using accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information read the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003. The results of operations for the nine-months ended September 30, 2004 are not necessarily indicative of the operating results that may be expected for the fiscal year ending December 31, 2004.

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.

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 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 4,470,000 shares of common stock were outstanding at September 30, 2004, but 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.

Recent Accounting Pronouncements:

Management does not believe that any recently issued, but not yet effective accounting pronouncements if currently adopted would have a material effect on the accompanying consolidated financial statements.

Note 3 - Going Concern

The Company has incurred an accumulated deficit at September 30, 2004 of approximately \$2,180,000 and had negative capital at September 30, 2004 of approximately \$73,000. The Company's ability to continue as a going concern is dependent upon the Company obtaining adequate capital to fund losses.

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

Overview

VerticalBuyer, Inc. (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.

Management believes that we will require additional funding for working capital in order to sustain our operations while we seek opportunities. Such financing is expected to 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 proceed with a business plan and it is unlikely we will be able to continue as a going concern. Should this be the case, we will attempt to sell the Company (or its assets) and liquidate. As of September 30, 2004, we had no cash, no assets and no operations.

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. All post-closing conditions of this sale have been finalized. 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. In August 2004, Joseph Donahue resigned as a director from the board of directors. On August 16, 2004, the board of directors appointed Chris Kern as a director of the company. On October 22, 2004, the board of directors accepted the resignation of Messrs. Kent and Rosen from their respective positions as directors and officers of the Company. Mr. Kern appointed Abraham Mirman, President of Maximum Ventures, Inc., as a director and Chief Executive Officer of the Company. Following this appointment, Mr. Kern resigned from the board of directors and was subsequently appointed the Company's Interim Chief Financial Officer on November 17, 2004.

ITEM 3. CONTROLS AND PROCEDURES

Our principal executive officer and principal financial officer evaluated

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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 has 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

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS IN SENIOR SECURITIES

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. All post-closing conditions of this sale have been finalized. 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. In August 2004, Joseph Donahue resigned as a director from the board of directors. On August 16, 2004, the board of directors appointed Chris Kern as a director of the company. On October 22, 2004, the board of directors accepted the resignation of Messrs. Kent and Rosen from their respective positions as directors and officers of the Company. Mr. Kern appointed Abraham Mirman, President of Maximum Ventures, Inc., as a director and Chief Executive Officer of the Company. Following this appointment, Mr. Kern resigned from the board of directors and was subsequently appointed the Company's Interim Chief Financial Officer on November 17, 2004.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit

No. Description of Exhibit

31.1 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Executive Officer

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- 31.2 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Financial Officer
- 32.1 Section 1350 Certification of Chief Executive Officer
- 32.2 Section 1350 Certification of 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.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERTICALBUYER, INC.

Dated: November 22, 2004

By: /s/ Abraham Mirman

Abraham Mirman
Chief Executive Officer

Dated: November 22, 2004

By: /s/ Chris Kern

Chris Kern
Chief Financial Officer

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