

MOVE INC  
Form 10-Q  
August 09, 2011

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

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Form 10-Q

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

For the quarterly period ended June 30, 2011

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 000-26659

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Move, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

95-4438337  
(I.R.S. Employer  
Identification No.)

910 East Hamilton Avenue  
Campbell, California  
(Address of Principal Executive Offices)

95008  
(Zip Code)

(805) 557-2300

(Registrant's Telephone Number, including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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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 "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At August 3, 2011, the registrant had 160,150,709 shares of its common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

MOVE, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

|   | June 30,<br>2011<br>(Unaudited)<br>(In thousands) | December 31,<br>2010 |
|---|---|----------------------|
| <b>ASSETS</b>                               |   |                      |
| Current assets:                             |   |                      |
| Cash and cash equivalents                   | \$ 89,555   | \$ 158,517           |
| Accounts receivable, net                    | 10,079  | 9,680                |
| Other current assets                        | 8,730   | 7,621                |
| Total current assets                        | 108,364   | 175,818              |
| Property and equipment, net                 | 21,148  | 21,934               |
| Investment in unconsolidated joint ventures | 6,576   | 7,165                |
| Goodwill, net                               | 24,450  | 24,450               |
| Intangible assets, net                      | 7,613   | 8,324                |
| Other assets                                | 1,132   | 1,327                |
| Total assets                                | \$ 169,283  | \$ 239,018           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |   |                      |
| Current liabilities:                        |   |                      |
| Accounts payable                            | \$ 4,013  | \$ 6,403             |
| Accrued expenses                            | 15,374  | 16,281               |
| Deferred revenue                            | 12,477  | 13,696               |
| Total current liabilities                   | 31,864  | 36,380               |
| Other non-current liabilities               | 3,369   | 3,300                |
| Total liabilities                           | 35,233  | 39,680               |
| Commitments and contingencies (see note 13) |   |                      |
| Series B convertible preferred stock        | 48,289  | 116,564              |
| Stockholders' equity:                       |   |                      |
| Series A convertible preferred stock        | —   | —                    |
| Common stock                                | 160   | 159                  |
| Additional paid-in capital                  | 2,128,048   | 2,124,554            |
| Accumulated other comprehensive income      | 336   | 372                  |
| Accumulated deficit                         | (2,042,783)                                       | (2,042,311)          |
| Total stockholders' equity                  | 85,761  | 82,774               |
| Total liabilities and stockholders' equity  | \$ 169,283  | \$ 239,018           |

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.



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MOVE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

|  | Three Months Ended                       |            | Six Months Ended |             |
|--|--|------------|------------------|-------------|
|  | June 30,                                 |            | June 30,         |             |
|  | 2011                                     | 2010       | 2011             | 2010        |
|  | (In thousands, except per share amounts) |            |                  |             |
|  | (Unaudited)                              |            |                  |             |
| Revenue  | \$ 48,915                                | \$ 49,691  | \$ 97,990        | \$ 98,334   |
| Cost of revenue  | 10,461                                   | 11,088     | 21,244           | 22,016      |
| Gross profit   | 38,454                                   | 38,603     | 76,746           | 76,318      |
| Operating expenses:  |  |            |                  |             |
| Sales and marketing  | 17,927                                   | 18,872     | 36,243           | 37,204      |
| Product and web site development   | 8,999                                    | 8,136      | 18,462           | 16,662      |
| General and administrative   | 9,465                                    | 10,800     | 19,529           | 21,489      |
| Amortization of intangible assets  | 356                                      | 104        | 711              | 209         |
| Total operating expenses   | 36,747                                   | 37,912     | 74,945           | 75,564      |
| Operating income   | 1,707                                    | 691        | 1,801            | 754         |
| Interest income, net   | 17                                       | 178        | 35               | 734         |
| Earnings of unconsolidated joint venture   | 140                                      | 193        | 351              | 299         |
| Impairment of auction rate securities  | —  | —          | —                | (19,559)    |
| Other income (expense), net  | (52)                                     | (1,069)    | 377              | (1,102)     |
| Income (loss) from operations before income taxes  | 1,812                                    | (7)        | 2,564            | (18,874)    |
| Provision for income taxes   | 74                                       | 28         | 92               | 91          |
| Net income (loss)  | 1,738                                    | (35)       | 2,472            | (18,965)    |
| Convertible preferred stock dividend and related accretion   | (562)                                    | (1,341)    | (2,944)          | (2,674)     |
| Net income (loss) applicable to common stockholders  | \$ 1,176                                 | \$ (1,376) | \$ (472)         | \$ (21,639) |
| Basic income (loss) per share applicable to common stockholders: (see note 9)  |  |            |                  |             |
| Basic net income (loss) per share applicable to common stockholders  | \$ 0.01                                  | \$ (0.01)  | \$ (0.00)        | \$ (0.14)   |
| Diluted income (loss) per share applicable to common stockholders: (see note 9)  |  |            |                  |             |
| Diluted net income (loss) per share applicable to common stockholders  | \$ 0.01                                  | \$ (0.01)  | \$ (0.00)        | \$ (0.14)   |
| Shares used to calculate basic and diluted net income (loss) per share applicable to common stockholders: (see note 9) |  |            |                  |             |
| Basic  | 158,173                                  | 154,641    | 158,027          | 154,574     |
| Diluted  | 161,884                                  | 154,641    | 158,027          | 154,574     |

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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MOVE, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

|   | Six Months Ended<br>June 30, |             |
|---|------------------------------|-------------|
|   | 2011                         | 2010        |
|   | (In thousands)               |             |
|   | (Unaudited)                  |             |
| <b>Cash flows from operating activities:</b>  |                              |             |
| Net income (loss)   | \$ 2,472                     | \$ (18,965) |
| <b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b> |                              |             |
| Depreciation  | 4,639                        | 5,155       |
| Amortization of intangible assets   | 711                          | 209         |
| Provision for doubtful accounts   | 58                           | (120)       |
| Impairment of auction rate securities   | —                            | 19,559      |
| Stock-based compensation and charges  | 3,284                        | 3,906       |
| Earnings of unconsolidated joint venture  | (351)                        | (299)       |
| Other non-cash items  | (76)                         | (115)       |
| <b>Changes in operating assets and liabilities:</b>   |                              |             |
| Accounts receivable   | (457)                        | 502         |
| Other assets  | (914)                        | 104         |
| Accounts payable and accrued expenses   | (3,237)                      | (724)       |
| Deferred revenue  | (1,228)                      | 58          |
| Net cash provided by operating activities   | 4,901                        | 9,270       |
| <b>Cash flows from investing activities:</b>  |                              |             |
| Purchases of property and equipment   | (3,812)                      | (6,078)     |
| Proceeds from the sale of auction rate securities   | —                            | 109,841     |
| Proceeds from the sale of marketable equity securities  | —                            | 14          |
| Distribution of earnings from unconsolidated joint venture                                      | 940                          | —           |
| Net cash (used in) provided by investing activities   | (2,872)                      | 103,777     |
| <b>Cash flows from financing activities:</b>  |                              |             |
| Proceeds from exercise of stock options   | 435                          | 519         |
| Redemption of convertible preferred stock   | (70,000)                     | —           |
| Payment of dividend on convertible preferred stock  | (1,150)                      | —           |
| Tax payment related to net share settlements of restricted stock awards                         | (225)                        | —           |
| Proceeds from line of credit  | —                            | 64,700      |
| Principal payments on line of credit  | —                            | (129,330)   |
| Restricted cash   | —                            | 462         |
| Proceeds from loan payable  | —                            | 316         |
| Principal payments on loan payable  | (51)                         | (34)        |
| Net cash used in financing activities   | (70,991)                     | (63,367)    |