

MULTIBAND CORP  
Form 10-Q  
May 13, 2010

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 AND EXCHANGE ACT OF 1934  
FOR THE PERIOD ENDING MARCH 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES AND EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM            TO  
COMMISSION FILE NUMBER 0 – 1325

MULTIBAND CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA

(State or other jurisdiction of incorporation or organization)

41 - 1255001

(IRS Employer Identification No.)

9449 Science Center Drive, New Hope, Minnesota 55428

(Address of principal executive offices)

Telephone (763) 504-3000 Fax (763) 504-3060

Internet: [www.multibandusa.com](http://www.multibandusa.com)

(Registrant's telephone number, facsimile number, and Internet address)

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 and 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

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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. (Check one):

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

On May 10, 2010, there were 9,970,926 shares outstanding of the registrant's common stock, no par value, and 509,117 outstanding shares of the registrant's convertible preferred stock.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

MULTIBAND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except per share amounts)

|   | Three Months Ended               |                                  |
|---|----------------------------------|----------------------------------|
|   | March 31,<br>2010<br>(unaudited) | March 31,<br>2009<br>(unaudited) |
| <b>REVENUES</b>   | \$ 60,248                        | \$ 62,158                        |
| <b>COSTS AND EXPENSES</b>   |                                  |                                  |
| Cost of products and services (exclusive of depreciation and amortization shown separately below) | 43,953                           | 47,316                           |
| Selling, general and administrative   | 13,517                           | 13,740                           |
| Depreciation and amortization   | 2,436                            | 3,285                            |
| Total costs and expenses  | 59,906                           | 64,341                           |
| <b>INCOME (LOSS) FROM OPERATIONS</b>  | 342                              | (2,183)                          |
| <b>OTHER EXPENSE</b>  |                                  |                                  |
| Interest expense  | (1,123)                          | (855)                            |
| Interest income   | 5                                | 7                                |
| Other income  | 12                               | 250                              |
| Total other expense   | (1,106)                          | (598)                            |
| <b>NET LOSS BEFORE INCOME TAXES AND NONCONTROLLING INTEREST IN SUBSIDIARIES</b>                   | (764)                            | (2,781)                          |
| <b>PROVISION FOR INCOME TAXES</b>   | 200                              | 100                              |
| <b>NET LOSS</b>   | (964)                            | (2,881)                          |
| <b>LESS: NET LOSS ATTRIBUTABLE TO THE NONCONTROLLING INTEREST IN SUBSIDIARIES</b>                 | -                                | (296)                            |
| <b>NET LOSS ATTRIBUTABLE TO MULTIBAND CORPORATION AND SUBSIDIARIES</b>                            | (964)                            | (2,585)                          |
| Preferred stock dividends   | 381                              | 73                               |
| <b>LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>   | \$ (1,345)                       | \$ (2,658)                       |
| <b>LOSS PER COMMON SHARE – BASIC AND DILUTED:</b>   |                                  |                                  |
| LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS  | \$ (0.14)                        | \$ (0.28)                        |

|  |       |       |
|--|-------|-------|
| Weighted average common shares outstanding – basic and diluted | 9,791 | 9,650 |
|--|-------|-------|

See accompanying notes to the unaudited condensed consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
 (in thousands)

|  | Three Months Ended |                     |
|--|--------------------|---------------------|
|  | March 31,          | March 31,           |
|  | 2010(unaudited)    | 2009<br>(unaudited) |
| NET LOSS   | \$ (964)           | \$ (2,881)          |
| OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:                                 |                    |                     |
| Unrealized gains (losses) on securities:                                       |                    |                     |
| Unrealized holding gains (losses) arising during period                        | (1)                | 30                  |
| COMPREHENSIVE LOSS BEFORE NONCONTROLLING INTEREST IN SUBSIDIARIES              | (965)              | (2,851)             |
| COMPREHENSIVE LOSS ATTRIBUTABLE TO THE NONCONTROLLING INTEREST IN SUBSIDIARIES | -                  | (296)               |
| COMPREHENSIVE LOSS ATTRIBUTABLE TO MULTIBAND CORPORATION AND SUBSIDIARIES      | \$ (965)           | \$ (2,555)          |

See accompanying notes to the unaudited condensed consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS  
(in thousands)

|  | March 31, 2010<br>(unaudited) | December 31, 2009<br>(audited) |
|--|-------------------------------|--------------------------------|
| <b>CURRENT ASSETS</b>                                |                               |                                |
| Cash and cash equivalents                            | \$ 3,747                      | \$ 2,240                       |
| Securities available for sale                        | 6                             | 7                              |
| Accounts receivable, net                             | 13,072                        | 14,336                         |
| Other receivable – related party                     | 518                           | 518                            |
| Inventories  | 7,707                         | 8,561                          |
| Prepaid expenses and other                           | 8,629                         | 549                            |
| Current portion of notes receivable                  | 6                             | 6                              |
| <b>Total Current Assets</b>                          | <b>33,685</b>                 | <b>26,217</b>                  |
| <b>PROPERTY AND EQUIPMENT, NET</b>                   | <b>8,326</b>                  | <b>8,546</b>                   |
| <b>OTHER ASSETS</b>                                  |                               |                                |
| Goodwill   | 38,067                        | 38,067                         |
| Intangible assets, net                               | 20,960                        | 22,677                         |
| Other receivable – related party – long term         | 980                           | 1,011                          |
| Notes receivable – long-term, net of current portion | 25                            | 25                             |
| Other assets   | 2,889                         | 2,988                          |
| <b>Total Other Assets</b>                            | <b>62,921</b>                 | <b>64,768</b>                  |
| <b>TOTAL ASSETS</b>                                  | <b>\$ 104,932</b>             | <b>\$ 99,531</b>               |

See accompanying notes to the unaudited condensed consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY  
(in thousands, except share and liquidation preference amounts)

|   | March 31, 2010<br>(unaudited) | December 31, 2009<br>(audited) |
|---|-------------------------------|--------------------------------|
| <b>CURRENT LIABILITIES</b>  |                               |                                |
| Line of credit  | \$ 49                         | \$ 49                          |
| Short term debt   | 6,932                         | 66                             |
| Related parties debt – short term   | 1,327                         | 1,345                          |
| Current portion of long-term debt   | 112                           | 228                            |
| Current portion of capital lease obligations  | 428                           | 489                            |
| Accounts payable  | 25,731                        | 28,008                         |
| Accrued liabilities   | 25,150                        | 22,026                         |
| Deferred service obligations and revenue  | 2,591                         | 2,602                          |
| Total Current Liabilities   | 62,320                        | 54,813                         |
| <b>LONG-TERM LIABILITIES</b>  |                               |                                |
| Accrued liabilities – long term   | 3,404                         | 4,415                          |
| Long-term debt, net of current portion and original issue discount  | 4,878                         | 4,853                          |
| Related parties debt - long-term, net of current portion and original issue discount  | 29,778                        | 29,856                         |
| Capital lease obligations, net of current portion   | 408                           | 491                            |
| Total Liabilities   | 100,788                       | 94,428                         |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                               |                                |
| <b>STOCKHOLDERS' EQUITY</b>   |                               |                                |
| Cumulative convertible preferred stock, no par value:   |                               |                                |
| 8% Class A (14,171 shares issued and outstanding, \$148,796 liquidation preference)   | 213                           | 213                            |
| 10% Class B (1,070 and 1,370 shares issued and outstanding, \$11,235 and \$14,385 liquidation preference)                         | 11                            | 14                             |
| 10% Class C (112,580 and 112,880 shares issued and outstanding, \$1,125,800 and \$1,128,800 liquidation preference)               | 1,461                         | 1,465                          |
| 10% Class F (150,000 shares issued and outstanding, \$1,500,000 liquidation preference)   | 1,500                         | 1,500                          |
| 8% Class G (11,595 shares issued and outstanding, \$115,950 liquidation preference)   | 48                            | 48                             |
| 6% Class H (1.25 shares issued and outstanding, \$125,000 liquidation preference)   | -                             | -                              |
| 8% Class J (100 shares issued and outstanding, \$10,000,000 liquidation preference)   | 10,000                        | 10,000                         |
| 15% Class E cumulative preferred stock, no par value, (220,000 shares issued and outstanding, \$2,200,000 liquidation preference) | 2,200                         | 2,200                          |
| Common stock, no par value (9,804,396 and 9,722,924 shares issued and outstanding)  | 38,216                        | 38,054                         |
| Stock subscriptions receivable  | (10)                          | (26)                           |
| Stock-based compensation and warrants   | 46,788                        | 46,572                         |
| Accumulated other comprehensive income – unrealized gain on securities available for sale   | 6                             | 7                              |
| Accumulated deficit   | (96,289)                      | (94,944)                       |

|  |    |         |    |        |
|--|----|---------|----|--------|
| Total Stockholders' Equity                 |    | 4,144   |    | 5,103  |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ | 104,932 | \$ | 99,531 |

See accompanying notes to the unaudited condensed consolidated financial statements



MULTIBAND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

|   | THREE MONTHS ENDED MARCH 31, |                 |
|---|------------------------------|-----------------|
|   | 2010                         | 2009            |
|   | (unaudited)                  | (unaudited)     |
| <b>OPERATING ACTIVITIES</b>   |                              |                 |
| Net loss  | \$ (964)                     | \$ (2,881)      |
| Adjustments to reconcile net loss to net cash provided from operating activities:                                     |                              |                 |
| Depreciation and amortization   | 2,436                        | 3,285           |
| Amortization of original issue discount   | 24                           | -               |
| Amortization of imputed interest discount   | 9                            | 35              |
| Interest receivable added to note receivable balance  | 3                            | -               |
| Change in allowance for doubtful accounts on accounts receivable  | (14)                         | (205)           |
| Change in reserve for stock subscriptions and interest receivable   | 12                           | 14              |
| Expense related to repricing of warrants  | -                            | 29              |
| Services provided in exchange for reduction of debt   | (12)                         | -               |
| Stock based compensation expense  | 317                          | 91              |
| Changes in operating assets and liabilities:  |                              |                 |
| Accounts receivable   | 1,278                        | (6,348)         |
| Other receivables – related party   | (35)                         | -               |
| Inventories   | 854                          | (207)           |
| Prepaid expenses and other  | 725                          | (1,076)         |
| Other assets  | 90                           | (30)            |
| Accounts payable and accrued liabilities  | (422)                        | 8,184           |
| Deferred service obligations and revenue  | (11)                         | (45)            |
| Net cash flows provided by operating activities   | 4,290                        | 846             |
| <b>INVESTING ACTIVITIES</b>   |                              |                 |
| Purchases of property and equipment   | (464)                        | (873)           |
| Checks issued in excess of bank balance with the purchase of 80% of outstanding stock of DirecTECH operating entities | -                            | (369)           |
| Purchases of intangible assets  | (35)                         | (26)            |
| Collections on notes receivable   | -                            | 5               |
| Net cash flows used by investing activities   | (499)                        | (1,263)         |
| <b>FINANCING ACTIVITIES</b>   |                              |                 |
| Payments on long-term debt  | (116)                        | (43)            |
| Payments on related parties debt – short term   | (18)                         | -               |
| Payments on capital lease obligations   | (144)                        | (107)           |
| Net repayment on line of credit   | -                            | (4)             |
| Payment on mandatory redeemable preferred stock   | -                            | (100)           |
| Payments of short-term debt   | (1,939)                      | -               |
| Redemption of preferred stock   | (6)                          | (6)             |
| Preferred stock dividends   | (61)                         | (29)            |
| Net cash flows used by financing activities   | (2,284)                      | (289)           |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   |                              |                 |
|   | 1,507                        | (706)           |
| <b>CASH AND CASH EQUIVALENTS - Beginning of Period</b>  | <b>2,240</b>                 | <b>4,346</b>    |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>  | <b>\$ 3,747</b>              | <b>\$ 3,640</b> |

See accompanying notes to the unaudited condensed consolidated financial statements



MULTIBAND CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

|   | THREE MONTHS ENDED MARCH 31, |                     |
|---|------------------------------|---------------------|
|   | 2010<br>(unaudited)          | 2009<br>(unaudited) |
| Cash paid for interest, net of amortization of OID and interest discount  | \$ 1,143                     | \$ 95               |
| Cash paid for federal and state income taxes  | 256                          | 530                 |
| Non-cash investing and financing transactions:  |                              |                     |
| Purchase of property and equipment via increase in capital lease obligations  | -                            | 107                 |
| Intrinsic value of preferred dividends  | 1                            | 1                   |
| Conversion of accrued dividends into common stock   | 62                           | 83                  |
| Increase in prepaid expense via short-term debt issued  | 8,805                        | -                   |
| Increase in short term debt via offset to accounts payable  | -                            | 159                 |
| Purchase of 80% of outstanding stock of DirecTECH operating entities via issuance of short and long term notes payable                                    | -                            | 39,900              |
| Purchase of 80% of outstanding stock of DirecTECH operating entities via issuance of accrued contingent consideration                                     | -                            | 1,608               |
| Reduction in related party debt by other receivable – related party   | 79                           | -                   |
| Reduction of notes payable via reduction of related party receivable in connection with the purchase of outstanding stock of DirecTECH operating entities | -                            | 5,844               |
| Reduction of notes payable with issuance notes payable in connection with acquisition   | -                            | 300                 |
| Purchase of 29% of outstanding stock of NC (formerly MMT) via issuance of short and long term notes payable   | -                            | 1,660               |
| Purchase of 80% of outstanding stock of DirecTECH operating entities via payment to escrow in 2008  | -                            | 500                 |

See accompanying notes to the unaudited condensed consolidated financial statements

MULTIBAND CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2010 AND 2009  
(in thousands, except for share and per share amounts)

NOTE 1 - Unaudited Consolidated Financial Statements

The information furnished in this report is unaudited and reflects all adjustments which are normal recurring adjustments and, which in the opinion of management, are necessary to fairly present the operating results for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the operating results to be expected for the full fiscal year. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, previously filed with the Securities and Exchange Commission.

NOTE 2 - Summary of Significant Accounting Policies

Nature of Business

Multiband Corporation and subsidiaries (the Company) was incorporated in Minnesota in September 1975. The Company provides voice, data and video services to multi-dwelling unit and single family home customers. The Company's products and services are sold to customers located throughout the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern that contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the three months ended March 31, 2010 and 2009, the Company incurred net losses of \$964 and \$2,881, respectively. At March 31, 2010, the Company had an accumulated deficit of \$96,289. The Company's ability to continue as a going concern is dependent on it maintaining profitability and/or raising additional capital. Management may sell, if prudent, certain assets on a strategic basis for prices agreeable to the Company and/or obtain additional debt or equity capital to meet all of its existing cash obligations and fund commitments on planned Multiband projects; however, there can be no assurance that the sources will be available or available on terms favorable to the Company. Management anticipates that the impact of the actions listed below will generate sufficient cash flows to pay current liabilities, long-term debt and capital and operating lease obligations and fund the Company's operations for the next twelve months:

1. Continue to improve mix of jobs (i.e. increase in higher paying installation work orders versus non or limited revenue producing service calls) which improves gross margins in its Home Service provider (HSP) segment by maintaining DirecTV exclusivity in its core markets.
2. Reduce operating expenses by reducing inventory losses, reducing training costs through decreased technician turnover, managing professional fees, insurance and other general and administrative expenses.
3. Evaluate factors such as anticipated usage and inventory turnover to maintain optimal inventory levels.
4. Obtain senior debt financing with extended terms to refinance the Company's note payable to DirecTECH Holding Company, Inc., which matures on January 1, 2013.
5. Expand call center support with sales of call center services to both existing and future system operators and to buyers of the Company's video subscribers.
6. Solicit additional equity investment in the Company by issuing either preferred or common stock.

Principles of Consolidation

The 2010 consolidated financial statements include the accounts of Multiband Corporation (MBCorp) and its wholly owned subsidiaries, Minnesota Digital Universe, Inc. (MNMDU), Multiband Subscriber Services, Inc. (MBSS), Multiband NC Incorporated (NC) (formerly Michigan Microtech, Incorporated (MMT), Multiband NE Incorporated

(NE), Multiband SC Incorporated (SC), Multiband EC Incorporated (EC), Multiband MDU Incorporated (MBMDU), Multiband DV Incorporated (DV) and Multiband Security Incorporated (Security).

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MULTIBAND CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2010 AND 2009  
(in thousands, except for share and per share amounts)

The 2009 consolidated financial statements include the accounts of all wholly-owned subsidiaries including the newly acquired companies that were purchased, effective January 2, 2009, when the Company purchased 80% of the issued and outstanding shares of common stock of all of the DirecTECH Holding Co. (DTHC) operating subsidiaries (DirecTECH) (an additional 29% of NC, 51% of which was previously purchased effective March 1, 2008 (see Note 2) and 80% of NE, SC, EC, MBMDU, DV and Security (see Note 2)). The noncontrolling interest in subsidiaries on the consolidated balance sheet and consolidated statement of operations represents DTHC's 20% ownership of NE, SC, EC, NC, MBMDU, DV Incorporated (DV) and Multiband Security from January 2, 2009 to December 17, 2009. On December 17, 2009, the Company purchased the remaining 20% of the issued and outstanding shares of common stock of all of the DTHC operating subsidiaries (DirecTECH) and transferred \$5,996 of noncontrolling interest to Multiband's controlling interest. The Company pushes down applicable overhead, interest expense and amortization expense from the parent company (MBCorp) to its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

#### Revenue Recognition

The Company recognizes revenue in accordance with the Securities Exchange Commission's Staff Accounting Bulletin No. 104 "Revenue Recognition" ("SAB 104"), which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of a customer arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. The Company recognizes revenue as services are performed and completed.

The Company has two operating segments. The HSP segment (HSP) (companies include NE, SC, EC, NC, DV and Security) provides the installation and service of DirecTV video programming, internet and home security systems for residents of single family homes. The MDU segment (MDU) (companies include MNMDU, MBSS and MBMDU) represents results as the master service operator for DirecTV and provides voice, data and video services to residential multi-dwelling units as the principal to subscribers.

The Company earns HSP segment revenue as follows:

- installation and service of DirecTV video programming for residents of single family homes
  - installation of home security systems and internet services

The Company has a home services provider agreement with DirecTV which allows the Company to install and activate DirecTV video programming services for residents of single family homes. As a DirecTV HSP, the Company earns revenue for installing and servicing DirecTV video customers pursuant to predetermined rates set by DirecTV which may vary from time to time. Revenue is recognized upon completion of the delivery and installation of equipment. DirecTV reimburses the Company for substantially all DirecTV equipment used for customer installation related to the HSP segment.

The Company earns MDU segment revenue as follows:

1. from voice, video and data communications products which are sold and installed
2. direct billing of user charges to multiple dwelling units, through the activation of, enhancement of, and residual fees on video programming services provided to residents of multiple dwelling units

MDU segment user charges are recognized as revenues in the period the related services are provided. Any amounts billed prior to services being provided are reported as deferred service obligations and revenues.



MULTIBAND CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2010 AND 2009  
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Revenue generated from activation of video programming services is earned in the month of activation. According to Multiband's Master System Operator agreement with DirecTV, in the event that a customer cancels within the first 12 months of service, DirecTV has the right to chargeback the Company for a portion of the activation fees received. The Company has estimated the potential charge back of commissions received on activation fees during the past 12 months based on historical percentages of customer cancellations and has included that amount as a reduction of revenue. Residual income is earned as services are provided by DirecTV through its system operators. As a master system operator for DirecTV, the Company earns a fixed percentage based on net cash received by DirecTV for recurring monthly services, a variable amount depending on the number of activations in a given month, and a variable amount for coordinating improvements of systems used to deliver enhanced programming services. The Company's master system operator contract with DirecTV also permits the Company to earn revenues through its control of other system operators who are unable to provide DirecTV video programming services without the Company's performance.

The Company reports the aforementioned MDU voice, data, and video revenues on a gross basis based on the following factors: the Company has the primary obligation in the arrangement with its customers; the Company controls the pricing of its services; the Company performs customer service for the agreements; the Company approves customers; and the Company assumes the risk of payment for services provided. We offer some products and services that are provided by third party vendors. We review the relationship between us, the vendor and the end customer on an individual basis to assess whether revenue should be reported on a gross or net basis. As an example, our resold satellite digital television revenue is reported on a net basis.

MDU segment revenue generated by the support center to service third party subscribers by providing billing and call center support services is recognized in the period the related services are provided.

Customers contract for both the purchase and installation of voice and data networking technology products and certain video technologies products. Revenue is recognized when the products are delivered and installed and the customer has accepted and has the ability to fulfill the terms of the contract.

The Company's policy is to present taxes imposed on revenue-producing transactions on a net basis.

#### Deferred Revenue

The Company invoices for certain installation upgrade projects upon order of project equipment. Revenue is deferred on these projects until the equipment is installed.

#### Long-lived Assets

The Company reviews its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There was no impairment at March 31, 2010 or December 31, 2009.



MULTIBAND CORPORATION AND SUBSIDIARIES  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2010 AND 2009  
(in thousands, except for share and per share amounts)

#### Goodwill and Other Intangible Assets

In accordance with ASC Topic No. 350, Intangibles-Goodwill and Other, goodwill and intangible assets without a defined life shall not be amortized over a defined period, but instead must be tested for impairment at least annually. Additionally, goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an entity below its carrying value. The goodwill impairment test is a two-step impairment test. In the first step, the Company compares the fair value of each reporting unit to its carrying value. The Company's estimates may differ from actual results due to, among other things, economic conditions, changes to its business models, or changes in operating performance. Significant differences between these estimates and actual results could result in future impairment charges and could materially affect the Company's future financial results. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and the Company is not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the Company must perform the second step in order to determine the implied fair value of the reporting unit's goodwill and compare it to the carrying value of the reporting unit's goodwill. The activities in the second step include valuing the tangible and intangible assets and liabilities of the impaired reporting unit based on their fair value and determining the fair value of the impaired reporting unit's goodwill based upon the residual of the summed identified tangible and intangible assets and liabilities.

At March 31, 2010, the Company determined that there was no event which occurred or circumstance changes that would more likely than not reduce the fair value of an entity below its carrying value. Goodwill was \$38,067 at March 31, 2010 and December 31, 2009, and is recorded as part of our MDU and HSP segments.

Goodwill by business segment consists of the following:

|                            | MBCorp. | MDU    | HSP       | Total     |
|----------------------------|---------|--------|-----------|-----------|
| Balance, December 31, 2009 | \$ -    | \$ 381 | \$ 37,686 | \$ 38,067 |
| Acquisitions/impairment    | -       | -      | -         | -         |
| Balance, March 31, 2010    | \$ -    | \$ 381 | \$ 37,686 | \$ 38,067 |

Components of intangible assets are as follows:

|  | March 31, 2010        |                          | December 31, 2009     |                          |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
|  | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| <b>Intangible assets subject to amortization</b> |                       |                          |                       |                          |
| Right of entry contracts                         | \$ 2,613              | \$ 1,385                 | \$ 2,577              | \$ 1,228                 |
| Contracts with DirecTV                           | 36,902                | 17,170                   | 36,902                | 15,574                   |
| Customer contracts                               | 102                   | 102                      | 102                   | 102                      |
| <b>Total</b>                                     | <b>39,617</b>         | <b>18,657</b>            | <b>39,581</b>         | <b>16,904</b>            |
| Impairment of intangibles                        | -                     | -                        | -                     | -                        |
| <b>Total including impairment</b>                | <b>\$ 39,617</b>      | <b>\$ 18,657</b>         | <b>\$ 39,581</b>      | <b>\$ 16,904</b>         |

Amortization of intangible assets was \$1,753 and \$2,654 for the three months ended March 31, 2010 and 2009, respectively. Estimated amortization expense of intangible assets for the remainder of the year ending December 31, 2010 and for the years ending December 31, 2011, 2012, 2013, 2014, 2015 and thereafter is \$3,977, \$5,109, \$5,064, \$4,966, \$1,718, \$54 and \$59, respectively. Right of entry contracts contain \$13 of contracts that have not been placed

in service, therefore no amortization expense has been recorded. The weighted average remaining life of the intangibles is 4.09 years with right of entry average life of 4.59 years and contracts with DirecTV of 4.06 years as of March 31, 2010.

The Company amortizes the right of entry contracts, contracts with DirecTV, and customer contracts, over their estimated useful lives ranging from 3.5 to 120 months.

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Group Health and Workers' Compensation Insurance Coverage

The Company uses a combination of self-insurance and third-party carrier insurance with predetermined deductibles that cover certain insurable risks. The Company's share of its workers compensation plan are recorded for the aggregate liabilities for claims reported, based on historical experience. The Company also estimates the cost of health care claims that have been incurred but not reported, based on historical experience.

Insurance and claims accruals reflect the estimated cost for group health and workers' compensation claims not covered by insurance. The insurance and claims accruals are recorded at the estimated ultimate payment amounts. Such insurance and claims accruals are based upon individual case estimates and estimates of incurred-but-not-reported losses using loss development factors based upon past experience.

During 2009, in certain states, the Company was self-insured for workers' compensation liability claims up to \$100, plus administrative expenses, for each occurrence involving workers' compensation claims since February 1, 2009. Effective January 1, 2010, the Company is self-insured for workers compensation claims up to \$250 plus administrative expenses, for each occurrence involving workers compensation claims since that date.

The Company is self-insured for health insurance covering the range of liability under which management expects most claims to occur. If any liability claims are substantially in excess of coverage amounts, such claims are covered under premium-based policies issued by insurance companies to coverage levels that management considers adequate.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based payments at fair value. The financial statements for the three months ended March 31, 2010 and 2009 recognize compensation cost for the portion of outstanding awards which have vested during the periods. The Company recognizes stock-based compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. For the three months ended March 31, 2010 and 2009 total share-based compensation expense of \$174 (\$.02 per share) and \$91 (\$.01 per share), respectively, was included in selling, general and administrative expenses. As of March 31, 2010, there was \$267 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 3.13 years. This is an estimate based on options currently outstanding and therefore this projected expense could be more in the future.

The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of variables. These variables include, but are not limited to the Company's expected stock price volatility, and actual and projected stock option exercise behaviors and forfeitures. An option's expected term is the estimated period between the grant date and the exercise date of the option. As the expected-term period increases, the fair value of the option and the compensation cost will also increase. The expected-term assumption is generally calculated using historical stock option exercise data. The Company does not have historical exercise data to develop such an assumption. In cases where companies do not have historical data and where the options meet certain criteria, the use of a simplified expected-term calculation is allowed. Accordingly, the Company calculated the expected terms using the simplified method.

The Company calculates expected volatility for stock options and awards using historical volatility, as the Company believes the expected volatility will approximate historical volatility. The starting point for the historical period used is July 1, 2001. The Company estimates the forfeiture rate for stock options using 5% for all employees.

The risk-free rates for the expected terms of the stock options and awards and the employee stock purchase plan is based on the U.S. Treasury yield curve in effect at the time of grant.

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In determining the compensation cost of the options granted during the three months ended March 31, 2010 and 2009, the fair value of each option grant has been estimated on the date of grant using the Black-Scholes option pricing model and the weighted average assumptions used in these calculations are as follows:

|                                  | Three months ended |                   |
|----------------------------------|--------------------|-------------------|
|                                  | March 31,<br>2010  | March 31,<br>2009 |
| Risk-free interest rate          | 1.89%              | 1.43%             |
| Expected life of options granted | 4.37 Years         | 5.0 Years         |
| Expected volatility range        | 103.6%             | 95%               |
| Expected dividend yield          | 0%                 | 0%                |

In January 2010, the Company issued 50,000 shares of stock options with a Black-Scholes valuation of \$70 to four directors of the Company. These seven-year stock options were immediately vested and were issued as long-term incentive compensation pursuant to the Company's 2000 Non-employee Directors Stock Compensation Plan.

In January 2010, the Company issued 84,375 shares of stock options with a Black-Scholes valuation of \$128 to an officer of the Company. These seven-year stock options vest over four years and were issued as long-term incentive compensation pursuant to the Company's 1999 Stock Compensation Plan.

In February 2010, the Company issued 59,211 shares of stock options with a Black-Scholes valuation of \$79 to an officer of the Company. These seven-year stock options vest immediately and were issued as long-term incentive compensation pursuant to the Company's 1999 Stock Compensation Plan.

During the three months ended March 31, 2010, there were 7,967 options forfeited or canceled.

#### Restricted Stock

The Company awards restricted common shares to selected employees. Recipients are not required to provide any consideration other than services. Company share awards are subject to certain restrictions on transfer, and all or part of the shares awarded may be subject to forfeiture upon the occurrence of certain events, including employment termination. The restricted stock is valued at the grant date fair value of the common stock and expensed over the requisite service period or vesting term of the awards. As of March 31, 2010 and March 31, 2009, the Company recognized stock-based compensation expense of \$143 and \$0, respectively. At March 31, 2010 and December 31, 2009, there was approximately \$354 and \$0, respectively, of unrecognized stock-based compensation expense associated with the non-vested restricted stock granted. Stock-based compensation expense relating to these restricted shares is being recognized over a weighted-average period of 2.5 years. The total fair value of shares vested during the three months ended March 31, 2010 was \$100.

The following table sets forth a summary of restricted stock activity for the three months ended March 31, 2010:

| Number of<br>Restricted<br>Shares at<br>March 31,<br>2010 | Weighted-Average<br>Grant Date Fair<br>Value |
|---|--|
|   |  |

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|  |          |    |      |
|--|----------|----|------|
| Outstanding and not vested at<br>January 1, 2010 | -        | \$ | -    |
| Granted  | 254,375  | \$ | 1.95 |
| Vested   | (50,000) | \$ | 2.00 |
| Outstanding and not vested at<br>March 31, 2010  | 204,375  | \$ | 1.94 |

In January 2010, the Company awarded 50,000 shares of restricted stock in the amount of \$100 to four directors of the Company. The value of the restricted stock was established by the market price on the date of grant. These restricted shares were immediately vested and were awarded as performance bonuses pursuant to the Company's 2000 Non-employee Directors Stock Compensation Plan.

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In January 2010, the Company awarded 84,375 shares of restricted stock in the amount of \$169 to an officer of the Company. The value of the restricted stock was established by the market price on the date of grant. These restricted shares vest over three years and are to be awarded as performance bonuses pursuant to the Company's 1999 Stock Compensation Plan.

In January 2010, the Company awarded 120,000 shares of restricted stock in the amount of \$228 to an officer of the Company. The value of the restricted stock was established by the market price on the date of grant. These restricted shares vest over two years and are to be awarded as performance bonuses pursuant to the Company's 1999 Stock Compensation Plan.

#### Net Loss per Common Share

Basic net loss per common share is computed by dividing the loss attributable to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted loss per common share is computed by dividing loss attributable to common stockholders by the sum of the weighted average number of common shares outstanding plus all additional common stock that would have been outstanding if potentially dilutive common shares related to common share equivalents (stock options, stock warrants, convertible preferred shares, and issued but not outstanding restricted stock) had been issued. All options, warrants, convertible preferred shares, and restricted stock outstanding during the three months ended March 31, 2010 and 2009 were excluded from the calculation of diluted loss per share as their effects were anti-dilutive due to the Company's net losses for the periods.

#### Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Management believes that the Company has two operating segments, HSP, where the Company receives net cash payments for the installation and service of DirecTV video programming for residents of single family homes, and MDU, where the Company acts as a master service operator for DirecTV, receives net cash payments for managing video subscribers through its network of system operators who are billed by DirecTV and also directly bills voice, data and video subscribers as a principal.

#### Income Taxes

The Company accounts for deferred tax assets and liabilities under the liability method. Deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets are recognized for deductible temporary differences and tax operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and record a valuation allowance to reduce our deferred tax assets to the amounts we believe to be realizable. We concluded that a full valuation allowance against our U.S. deferred tax assets was appropriate as of March 31, 2010 and December 31, 2009.

#### NOTE 3 – Business Acquisitions

Effective December 17, 2009, the Company purchased the remainder of the issued and outstanding shares of common stock of all of the DTHC operating subsidiaries (DirecTECH) (an additional 20% of NC (formerly MMT), 29% of which was previously purchased effective January 2, 2009 and 51% purchased effective March 1, 2008 and 20% of NE, SC, EC, MBMDU, DV and Security, 80% of which was previously purchased effective January 2, 2009). DTHC, a fulfillment agent for a national satellite television company, DirecTV, specialized in the providing of

satellite TV to single family homes. The purpose of this acquisition was to increase the Company's business of installing video services in single family homes (HSP segment). The Company issued 100 shares of Multiband Series J Preferred Stock with a fair value of \$10,000 to purchase the remaining 20% interest. Because the Company already had a controlling interest in these entities the purchase transaction is accounted for as an equity transaction only.



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The carrying amount of the noncontrolling interest at December 17, 2009 was adjusted to reflect the 100% ownership in the subsidiaries by reducing the accumulated deficit. The difference between the amount of noncontrolling interest at December 17, 2009 and the fair value of the preferred shares issued of \$10,000 was also recorded as a reduction of accumulated deficit. The net effect to equity was zero. No increase to goodwill or intangibles was recorded as part of this acquisition.

On January 2, 2009, the Company purchased 80% of NE, SC, EC, MBMDU, DV and Security. The purchase price totaled \$40,400 plus other consideration valued at \$1,608 as of the acquisition date. The \$40,400 consists of three parts: 1) \$500 in cash which was paid at the initial closing date of January 2, 2009 and in escrow as a deposit at December 31, 2008; 2) a non-interest bearing note of \$500 payable without interest as follows: \$250 on demand on or after April 1, 2009 and \$250 after the Company's retention of senior financing, as defined, no later than August 31, 2009 which amount has not been paid as of December 31, 2009; 3) a promissory note in the amount of \$39,400, due January 1, 2013, bearing interest at an annual rate of 8.25% (subject to adjustment in the event of a default), plus the remaining \$800 note payable from the purchase of 51% of NC. Subsequent to the closing, the Company and DTHC mutually agreed to offset the \$40,200 promissory note by the amount of \$6,344, for an offsetting receivable on Multiband's books as of December 31, 2008. This reduced the amount of this promissory note to \$33,856. As of December 31, 2009, the Company has offset an additional \$4,000 of receivables from DirecTECH related to legal claims discussed below, which brings the remaining balance of the note to \$29,856.

The Company evaluates the purchase price allocation based on the fair value of the assets acquired and liabilities assumed. The Company recognizes pre-acquisition contingencies at fair value, if fair value can be reasonably determined. If fair value cannot be reasonably determined, the Company records the contingencies at its best estimate.

Because the Company had previously gained control of NC with its purchase of 51% of NC in March 2008, Multiband recognized the acquisition of the additional 29% ownership interest in NC on January 2, 2009 as an equity transaction. The purchase price of \$1,660 increased the accumulated deficit and the transfer of \$2,054 of noncontrolling interest to controlling interest decreased the accumulated deficit. No increase to goodwill or intangibles was recorded as part of this acquisition.

In the January 2, 2009 transaction to purchase the other DTHC operating subsidiaries, the Company recognized the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with certain exceptions. The assets and liabilities purchased are all measured on a nonrecurring basis at fair value. The Company recognized goodwill as of the acquisition date, measured using an income, market or cost approach, which in most types of business combinations will result in measuring goodwill as the excess of the fair value of consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair value of the identifiable net assets acquired or assumed. A qualitative and quantitative analysis of factors that make up recognized goodwill, such as DirecTECH's assets, liabilities and other contingent considerations, such as leases and other off-balance sheet commitments, follows.

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A summary of the transaction is as follows:

|   |           |
|---|-----------|
| Cash paid   | \$ 500    |
| Short-term debt   | 500       |
| Promissory note   | 39,400    |
| Total consideration   | 40,400    |
| Less consideration for 29% of NC (recorded separately as an equity transaction)   | (1,660)   |
| Consideration for 80% of outstanding stock of EC, NE, SC, MBMDU, DV, and Security | \$ 38,740 |
| Assets  | \$ 33,444 |
| Intangible assets   | 27,634    |
| Goodwill  | 36,972    |
| Accounts payable and accrued liabilities  | (53,004)  |
| Noncontrolling interest   | (6,306)   |
|   | \$ 38,740 |

The fair value of the intangible assets of \$27,634 and noncontrolling interest of \$6,306 was obtained by management, using a fair value measurement which included applying discount rates of 15%, a terminal value of \$28,200, as well as a noncontrolling discount of 30%.

As part of the acquisition, the Company preliminarily assessed a \$5,040 contingent legal accrual related to an existing litigation. In connection with the purchase of the operating subsidiaries of DTHC, the Company has the right to offset half of certain claims against the note to DTHC once those claims are ultimately resolved, and therefore also allocated a note receivable – related party of \$2,290 which represented an estimate of the amount that could be recovered from DTHC based on the preliminary legal contingency accrual. During the year ended December 31, 2009, the Company increased the contingent legal accrual to \$8,706 based on new information received about facts and circumstances that existed as of the acquisition date related to certain legal matters. On December 31, 2009 the Company settled in principal the majority of these claims, and recorded the settlement of \$6,729, net of imputed interest of \$575 (see Note 9). The remaining contingent liability at December 31, 2009 was an estimated \$1,977 related to this litigation. At the time the settlement was recorded, the Company also offset \$3,904 of the note receivable – related party against the note payable – related party to DTHC. The remaining balance on the note receivable of \$1,011 at December 31, 2009 represented an estimate of the amount that will be recovered from DTHC based on the preliminary legal estimate. The receivable is classified as long-term since management intends to offset the receivable with any balance remaining on the note payable to DTHC.

The Company acquired \$25,400 of intangible assets relating to contracts with DirecTV as well as right of entry contracts of \$2,234. At the time of the acquisition, the weighted average remaining life of the intangibles acquired was 2.57 years based on terms without renewals, with an average life for right of entry contracts of 5.44 years and contracts with DirecTV of 2.33 years. The weighted average remaining life of the intangibles acquired was 3.49 years assuming one year term renewals, with right of entry contracts average life of 5.44 years and contracts with DirecTV of 3.33 years. In May 2009, the Company signed a new contract with DirecTV (see Note 9). The Company capitalizes material costs incurred to renew or extend terms of intangible assets. No costs have been incurred to renew or extend the terms of intangible assets during the year ended December 31, 2009. Goodwill and intangible assets acquired are not expected to be deductible for tax purposes.



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At June 30, 2009, the Company revised the fair value of the contingent consideration from \$1,608 to zero. The Company determined that the significant level 3 inputs previously used to determine the contingent consideration were incomplete. After further review, the Company determined that it was appropriate to define this change as a measurement period adjustment to the purchase price. At December 31, 2009, the Company adjusted the contingencies estimated as a result of improved information regarding circumstances that existed as of the acquisition date which increased the liability by \$1,090 and goodwill and receivables by \$545. At December 31, 2009, the Company adjusted the majority of the contingencies due to an actual settlement in principle of certain litigation (See Note 9). In the fourth quarter, within the one-year measurement period the Company, also increased accrued liabilities by \$1,200 to reflect the assumption of an insurance premium obligation.

## NOTE 4 – Noncontrolling Interest

Equity of noncontrolling interest in subsidiaries:

|  | March 31, 2010 | December 31, 2009 |
|--|----------------|-------------------|
| Noncontrolling interest in subsidiaries, beginning balance                                 | \$ -           | \$ 3,471          |
| Purchase of 51% of NC  | -              | -                 |
| Purchase of 80% of NE, SC, EC, MBMDU, DV & Security  | -              | 6,306             |
| Purchase of 29% of NC from noncontrolling interest   | -              | (2,054)           |
| Net income(loss) attributable to the noncontrolling interest in subsidiaries               | -              | (1,727)           |
| Purchase remaining 20% of NC, NE, SC, EC MBMDU, DV & Security from noncontrolling interest | -              | (5,996)           |
| Noncontrolling interest in subsidiaries, ending balance                                    | \$ -           | \$ -              |

## NOTE 5 – Inventories

Inventories consisted of the following:

|                         | March 31, 2010 | December 31, 2009 |
|-------------------------|----------------|-------------------|
| DirecTV – serialized    | \$ 2,702       | \$ 2,948          |
| DirecTV – nonserialized | 3,044          | 3,455             |
| Other                   | 1,961          | 2,158             |
| Total                   | \$ 7,707       | \$ 8,561          |

The Company's inventories are segregated into three major categories. Serialized DirecTV inventories consist primarily of satellite receivers and similar devices. Non-serialized DirecTV inventories consist primarily of satellite dishes, poles and similar devices which are supplied by DirecTV. Other inventory consists primarily of cable, switches and various small parts used in the installation of DirecTV satellite dishes.

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## NOTE 6 – Securities Available for Sale

As of December 31, 2007, Multiband had the voting rights for and was holding in trust 58,161 common shares of Western Capital Resources, Inc. (WCRS) (previously URON, a former subsidiary) for various contingent rights holders whose rights were tied to potential future warrant exercises or preferred stock conversions. The Company values these shares at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company values and records all investment securities transactions on a trade date basis. Securities listed on a national or regional securities exchange are valued at their last reported sales price on the last business day of the period. Securities which are not traded on a major exchange or for which no sale was reported on that date are valued at the average of their last quoted "bid" price and "asked" price. Short positions are valued at the last quoted "asked" price. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Company attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. The Company's investments in available-for-sale securities was determined based on quoted market prices in active markets for identical assets and liabilities (level 1). As of February 4, 2008, certain aforementioned contingent rights were not exercised by the various holders; therefore Multiband owns 37,994 shares of WCRS. As a result, Multiband recorded the fair value of WCRS shares based on quoted market prices as an unrealized gain. At March 31, 2010 and December 31, 2009 the balance in securities available for sale was \$6 and \$7, respectively.

Securities available for sale consisted of the following at December 31:

|                                | March 31, 2010 | December 31, 2009 |
|--------------------------------|----------------|-------------------|
| Beginning balance              | \$ 7           | \$ 46             |
| Initial investment             | -              | -                 |
| Current period unrealized loss | (1)            | (39)              |
| Ending balance                 | \$ 6           | \$ 7              |

Fair value of securities available for sale consisted of the following:

|                          | March 31, 2010 | December 31, 2009 |
|--------------------------|----------------|-------------------|
| Cost                     | \$ -           | \$ -              |
| Unrealized gain          | \$ 6           | \$ 7              |
| Fair value at period end | \$ 6           | \$ 7              |

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## NOTE 7 – Accrued Liabilities

Accrued liabilities consisted of the following:

|  | March 31, 2010 | December 31, 2009 |
|--|----------------|-------------------|
| Payroll and related taxes                                      | \$ 8,446       | \$ 6,971          |
| Accrued worker compensation claims                             | 1,561          | -                 |
| Accrued incurred but not reported health insurance claims      | 1,126          | -                 |
| Accrued legal settlements, fees and contingencies (see Note 9) | 5,745          | 5,684             |
| Accrued preferred stock dividends                              | 884            | 626               |
| Accrued liability – vendor chargeback                          | 40             | 40                |
| Accrued contract labor   | 2,862          | 2,002             |
| Accrued income taxes   | 235            | 296               |
| Other &  |                |                   |