UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 22, 2007 (June 6, 2007)

LiveDeal, Inc.

(Exact Name of Registrant as Specified in Charter)

Nevada	**000-24217**	**85-0206668**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4840 East Jasmine Street, Suite 105, Mesa, Arizona	**85205**
(Address of Principal Executive Offices)	(Zip code)

(480) 654-9646

(Registrant's telephone number, including area code)

YP Corp.

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Current Report on Form 8-K/A (the "Amendment") is being filed to include disclosures that supplement those disclosures made by LiveDeal, Inc. (formerly known as YP Corp. until a name change that took effect on August 15, 2007) (the "Company") in its Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on June 7, 2007 (the "Form 8-K"), as set forth below.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On June 6, 2007, the Company entered into an agreement and plan of merger (the "Merger Agreement") with LD Acquisition Co., a wholly-owned subsidiary of the Company ("Merger Sub"), LiveDeal, Inc. ("LiveDeal Target"), Rajesh Navar and Arati Navar, as Trustees of the Rajesh & Arati Navar Living Trust (the "Principal Shareholder") and Rajesh Navar, as the "Shareholders' Representative." The Merger Agreement, which was filed as Exhibit 2.1 to the Form 8-K, set forth the terms and conditions upon which Merger Sub was merged with and into LiveDeal Target with LiveDeal Target surviving as a wholly-owned subsidiary of the Company. The merger was completed on June 6, 2007.

This Amendment is filed solely to include the financial statements and pro forma financial information described in Item 9.01 below. Such information should be read in conjunction with the Form 8-K.

Forward-Looking Statements

This Amendment, including the Exhibits attached hereto, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "may," and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified in our Annual Report on Form 10-K for the fiscal year ended September 30, 2006 as "Risk Factors." Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The following financial statements of LiveDeal Target are attached hereto as Exhibit 99.1 and incorporated herein by this reference:

Consolidated Balance Sheets as of December 31, 2006 and 2005 and March 31, 2007 (unaudited)

Consolidated Statements of Operations for the years ended December 31, 2006 and 2005 and three months ended March 31, 2007 (unaudited) and 2006 (unaudited)

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2006 and 2005 and three months ended March 31, 2007 (unaudited)

Consolidated Statements of Cash Flows for the years ended December 31, 2006 and 2005 and three months ended March 31, 2007 (unaudited) and 2006 (unaudited)

Notes to Consolidated Financial Statements

(b) Pro Forma Financial Information. The following pro forma financial statements, which give effect to the transactions described in the Merger Agreement, are attached hereto as Exhibit 99.2 and incorporated herein by this reference:

Unaudited Pro Forma Condensed Combined Financial Information (Introduction)

Unaudited Pro Forma Condensed Combined Statement of Operations for the six months ended March 31, 2007

Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended September 30, 2006

Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2006

Notes to Unaudited Pro Forma Condensed Combined Balance Sheeet

(d) Exhibits.

Exhibit Number	**Description**
23.1	Consent of Mayer Hoffman McCann P.C.
99.1	Consolidated Financial Statements of LiveDeal, Inc. and Subsidiaries for the years ended December 31, 2006 and 2005 and the three months ended March 31, 2007 and March 31, 2006.
99.2	Unaudited Pro Forma Condensed Combined Financial Information of LiveDeal, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	YP CORP.
Date: August 22, 2007	/s/ Gary L. Perschbacher
	Gary L. Perschbacher
	Chief Financial Officer

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in this Current Report on Form 8-K/A and in the registration statement No. 333-140820 on Form S-8 filed by LiveDeal, Inc. (formally known as YP Corp.) on February 21, 2007 of our independent auditors' report dated August 8, 2007, with respect to the consolidated balance sheets of LiveDeal, Inc. and its Subsidiaries as of December 31, 2006 and 2005 and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended.

/s/ Mayer Hoffman McCann P.C.

Phoenix, Arizona
August 22, 2007

Exhibit 99.1

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited) and 2006 (Unaudited)

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited) and 2006 (Unaudited)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of

LIVEDEAL, INC. AND SUBSIDIARIES

We have audited the accompanying consolidated balance sheets of ***LiveDeal, Inc. and Subsidiaries*** as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2006 and 2005 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ***LiveDeal, Inc. and Subsidiaries*** as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 14, the 2005 consolidated financial statements were re-audited. The Company has restated its December 31, 2005 consolidated financial statements to correct errors related to an overstatement of cash and cash equivalents, proper classification of certain assets and liabilities between prepaid expenses and other current assets, property and equipment, other assets and accounts payable, and the understatement of accrued recruiting fees for services incurred prior to December 31, 2005, but not recorded and the reclassification of convertible preferred stock to shareholders' equity. Additionally, the consolidated statement of operations for the year ended December 31, 2005 reflects the impact of adjusting certain expenses previously classified as research and development expenses to cost of revenues for expenses associated with maintaining the LiveDeal web site and the reclassification of equity losses in LiveDeal Canada and loss on disposal of property from other income and expense to operating expenses.

Phoenix, Arizona
August 8, 2007

/s/ Mayer Hoffman McCann P.C.

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2006 and 2005
and March 31, 2007 (Unaudited)

ASSETS

	March 31, 2007 (Unaudited)	December 31, 2006	December 31, 2005 (Restated)
CURRENT ASSETS			
Cash and cash equivalents	$ 547,099	$ 1,202,956	$ 2,334,812
Accounts receivable, net	311,742	335,636	122,567
Prepaid expenses and other current assets	45,785	63,292	98,224
TOTAL CURRENT ASSETS	904,626	1,601,884	2,555,603
PROPERTY AND EQUIPMENT, net	210,202	243,519	279,405
INVESTMENT IN LIVEDEAL CANADA	-	-	40,074
OTHER ASSETS	10,000	10,000	10,000
TOTAL ASSETS	$ 1,124,828	$ 1,855,403	$ 2,885,082
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	$ 251,599	$ 287,140	$ 198,065
Accrued expenses	178,010	186,613	88,028
Deferred revenues	13,165	29,272	38,070
Notes payable	1,000,000	1,000,000	-
Amount due related to investment in LiveDeal Canada	447,502	235,568	-
Current portion of capital lease obligations	2,054	2,229	1,986
TOTAL CURRENT LIABILITIES	1,892,330	1,740,822	326,149
CAPITAL LEASE OBLIGATIONS, less current portion	-	537	3,112
TOTAL LIABILITIES	1,892,330	1,741,359	329,261
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY:			
Series A convertible preferred stock, no par value, authorized 4,000,000 shares; issued and outstanding 4,000,000 shares in 2007, 2006 and 2005, respectively	140,000	140,000	140,000
Series A-2 convertible preferred stock, no par value, authorized 13,333,333 shares; issued and outstanding 13,333,333 shares in 2007, 2006 and 2005, respectively	2,000,000	2,000,000	2,000,000
Series A-3 convertible preferred stock, no par value, authorized 3,000,000 shares; issued and outstanding 3,000,000 shares in 2007, 2006 and 2005, respectively	1,000,000	1,000,000	1,000,000
Series B convertible preferred stock, no par value, authorized 10,229,041 shares; issued and outstanding 10,229,041 shares in 2007, 2006 and 2005, respectively	4,868,001	4,868,001	4,868,001
Common stock, no par value, authorized 48,500,000 shares; issued and outstanding 11,071,835 and 11,775,482 in 2007, 2006 and 2005, respectively	578,795	566,491	623,870
Notes receivable, net	(20,569)	(24,886)	(175,529)
Accumulated deficit	(9,333,729)	(8,435,562)	(5,900,521)
TOTAL SHAREHOLDERS' EQUITY	(767,502)	114,044	2,555,821
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,124,828	$ 1,855,403	$ 2,885,082

See Notes to Consolidated Financial Statements

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited) and 2006 (Unaudited)

	March 31, 2007 (Unaudited)	March 31, 2006 (Unaudited)	December 31, 2006	December 31, 2005 (Restated)
REVENUES	$ 651,958	$ 387,583	$ 2,201,433	$ 533,218
COST OF REVENUES	412,377	398,065	1,960,083	774,459
GROSS MARGIN (DEFICIT)	239,581	(10,482)	241,350	(241,241)
OPERATING EXPENSES				
Marketing	541,130	790,194	3,056,631	2,396,123
General and administrative	162,148	190,880	765,460	739,822
Research and development	217,783	201,095	1,105,293	407,702
Equity in LiveDeal Canada	211,934	151,159	604,282	43,935
TOTAL OPERATING EXPENSES	1,132,995	1,333,328	5,531,666	3,587,582
LOSS FROM OPERATIONS	(893,414)	(1,343,810)	(5,290,316)	(3,828,823)
OTHER INCOME (EXPENSE)				
Interest income	8,614	25,511	73,931	30,643
Interest expense	(12,507)	(5,528)	(1,619)	(1,107)
Gain on sale of investment	-	-	2,686,318	-
Other	-	-	(605)	-
TOTAL OTHER INCOME (EXPENSE), net	(3,893)	19,983	2,758,025	29,536
LOSS BEFORE INCOME TAX PROVISION	(897,307)	(1,323,827)	(2,532,291)	(3,799,287)
INCOME TAX PROVISION	860	-	800	800
NET LOSS	$ (898,167)	$ (1,323,827)	$ (2,533,091)	$ (3,800,087)

See Notes to Consolidated Financial Statements

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited)

	Convertible Preferred Stock												
	Series A		Series A-2		Series A-3		Series B		Common Stock		Notes	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Receivable	Deficit	Equity
Balance at January 1, 2005	4,000,000	$ 140,000	13,333,333	$ 2,000,000	-	$ -	-	$ -	11,736,357	$ 621,364	$(265,722)	$(2,100,434)	$ 395,208
Issuance of Preferred Stock	-	-	-	-	3,000,000	1,000,000	10,229,041	4,868,001	-	-	-	-	5,868,001
Exercise of stock options	-	-	-	-	-	-	-	-	39,125	2,506	-	-	2,506
Other	-	-	-	-	-	-	-	-	-	-	90,193	-	90,193
Net loss	-	-	-	-	-	-	-	-	-	-	-	(3,800,087)	(3,800,087)
Balance at December 31, 2005	4,000,000	140,000	13,333,333	2,000,000	3,000,000	1,000,000	10,229,041	4,868,001	11,775,482	623,870	(175,529)	(5,900,521)	2,555,821
Exercise of stock options	-	-	-	-	-	-	-	-	509,062	50,906	-	-	50,906
Share repurchases	-	-	-	-	-	-	-	-	(100,000)	(24,000)	-	-	(24,000)
Cancellation of notes receivable	-	-	-	-	-	-	-	-	(1,112,709)	(111,271)	150,643	-	39,372
Stock option compensation	-	-	-	-	-	-	-	-	-	26,986	-	-	26,986
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	-	(1,950)	(1,950)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(2,533,091)	(2,533,091)
Balance at December 31, 2006	4,000,000	$ 140,000	13,333,333	$ 2,000,000	3,000,000	$ 1,000,000	10,229,041	$ 4,868,001	11,071,835	$ 566,491	$ (24,886)	$(8,435,562)	$ 114,044
Exercise of stock options (Unaudited)	-	-	-	-	-		-	-	10,000	1,000	-	-	1,000
Stock option compensation (Unaudited)	-	-	-	-	-	-	-	-	-	11,304	4,317	-	15,621
Net loss (Unaudited)	-	-	-	-	-	-	-	-	-	-	-	(898,167)	(898,167)
Balance at March 31, 2007 (Unaudited)	4,000,000	$ 140,000	13,333,333	$ 2,000,000	3,000,000	$ 1,000,000	10,229,041	$ 4,868,001	11,081,835	$ 578,795	$ (20,569)	$(9,333,729)	$ (767,502)

See Notes to Consolidated Financial Statements

LIVEDEAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited) and 2006 (Unaudited)

	March 31, 2007 (Unaudited)	March 31, 2006 (Unaudited)	December 31, 2006	December 31, 2005 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$ (898,167)	$ (1,323,827)	$ (2,533,091)	$ (3,800,087)
Adjustments to reconcile net loss to net cash used in operating activities:				
Gain on sale of investment	-	-	(2,686,318)	-
Equity in LiveDeal Canada	211,934	151,159	604,282	43,935
Loss on disposal of property	1,394	-	-	34,478
Depreciation and amortization	31,923	52,208	156,554	42,737
Allowance for doubtful accounts	(2,206)	-	2,206	-
Allowance for notes receivable	-	9,687	38,750	96,797
Allowance for interest receivable	-	1,162	4,648	6,681
Stock option expense	15,621	13,493	26,986	-
Changes in operating assets and liabilities:				
Accounts receivable	26,100	(55,891)	(215,275)	(122,363)
Prepaid expenses and other current assets	17,507	34,177	34,932	(88,771)
Other assets	-	-	-	(10,000)
Accounts payable	(35,541)	13,920	89,075	152,214
Accrued expenses	(16,107)	23,391	98,585	55,337
Deferred revenues	(8,603)	1,150	(8,798)	18,574
Net cash used in operating activities	(656,145)	(1,079,371)	(4,387,464)	(3,570,468)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	-	(37,192)	(120,668)	(224,362)
Proceeds from sale of investment	-	-	2,697,870	-
Change in interest receivable	-	6,009	(4,026)	(13,285)
Cash contributions for investment in LiveDeal Canada	-	(133,814)	(340,192)	(84,009)
Net cash provided by (used in) investing activities	-	(164,997)	2,232,984	(321,656)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from issuance of notes payable	-	-	1,000,000	2,200,000
Principal payments of notes payable	-	-	-	(1,200,000)
Net proceeds from issuance of preferred stock	-	-	-	4,868,001
Proceeds from exercise of stock options	1,000	-	50,906	2,506
Principal payments on capital leases	(712)	-	(2,332)	(1,091)
Share repurchases	-	-	(24,000)	-
Net cash provided by financing activities	288	-	1,024,574	5,869,416
Effect of exchange rate impact on cash and cash equivalents	-	-	(1,950)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(655,857)	(1,244,368)	(1,131,856)	1,977,292
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,202,956	2,334,812	2,334,812	357,520
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 547,099	$ 1,090,444	$ 1,202,956	$ 2,334,812
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$ -	$ -	$ 1,619	$ 1,107
Cash paid for income taxes	$ 860	$ -	$ 800	$ 800

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

In the year ended December 31, 2005, the Company entered into capital leases in the amount of $6,189 to acquire property and equipment.

In the year ended December 31, 2005, the Company issued Series A-3 preferred stock in conjunction with a conversion of a previously issued promissory note of $1,000,000 (see Note 8 for further discussion.)

In the year ended December 31, 2006, the Company received unvested shares in conjunction with the cancellation of notes receivable totaling $111,271 (see Note 7 for further discussion.)

For the three months ended March 31, 2006, the Company received unvested shares in conjunction with the cancellation of notes receivable totaling $59,604 (see Note 7 for further discussion.)

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005
and Three Months Ended March 31, 2007 (Unaudited) and 2006 (Unaudited)

(1) Nature of operations and summary of significant accounting policies

Nature of operations– ***LiveDeal, Inc. and Subsidiaries*** (the "Parent Company"), was incorporated in the State of California on April 1, 2003. The Parent Company provides a market for local online advertisements across the U.S. The Parent Company also provides platforms to connect buyers and sellers through its web site. In addition, the Parent Company partners with online and offline media to power their advertisements.

In 2005, the Parent Company entered into a partnership agreement with a Canadian company, Metroland Printing, Publishing and Distributing, Ltd. ("Metroland"), and affiliates of Metroland to launch a joint venture to advance its business in Canada. In connection with the joint venture, the Parent Company formed LiveDeal Holdings, Inc., a Delaware corporation, wholly owned by the Parent Company, and LiveDeal NS Company, a Nova Scotia unlimited liability company, wholly owned by LiveDeal Holdings, Inc. On October 12, 2005, LiveDeal NS Company and Metroland entered into a Partnership Agreement to form a Canadian general partnership, LiveDeal Canada, to operate a classified advertisement website in Canada. LiveDeal NS Company owned a 50 percent interest in the partnership until April 12, 2006. Effective April 12, 2006, LiveDeal Canada amended its Partnership Agreement to allow for LaPresse, Ltd., a Canadian company, to enter into the partnership. At this time, LaPresse, Ltd. contributed marketing support services in exchange for a 20 percent interest and purchased an additional 10 percent interest from LiveDeal NS for $2,697,870. After the transaction, LiveDeal, NS Company had a 30 percent interest in the partnership. The investment in LiveDeal Canada is accounted for using the equity method.

The accompanying unaudited consolidated financial statements as of March 31, 2007 and for the three months ended March 31, 2007 and 2006 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, the information included in these notes to the consolidated financial statements does not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of the Company's management, the interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim period. The footnote disclosures pertaining to the March 31, 2007 and 2006 financial information included herein are also unaudited.

The significant accounting policies followed by the Company are summarized below:

Principles of consolidation– The accompanying consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiaries, LiveDeal Holdings, Inc. and LiveDeal NS Company (collectively, the "Company"). All material intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates– The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the period in the consolidated financial statements. Actual results could differ from those estimates.

Cash and cash equivalents– Cash includes cash and cash equivalents, which consist of highly liquid investments purchased with original maturities of three months or less. Cash deposits are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, cash deposits generally exceed FDIC limits.

(1) Nature of operations and summary of significant accounting policies (continued)

Accounts receivable and allowance for doubtful accounts — Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on identifying troubled accounts and by using historical experience applied to an aging of accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts receivable. Recoveries of receivables previously written off are recorded when received. At December 31, 2006 and 200S, the Company recorded an allowance for doubtful accounts of $2,206 and $0, respectively. At December 31, 2005, the Company did not record an allowance for doubtful accounts as management determined that substantially all of the accounts receivable are considered to be realizable.

Property and equipment — Property and equipment are stated at historical cost, net of accumulated depreciation and amortization. Additions and betterments that extend the useful life of an asset are capitalized. Typically, additions or improvements in excess of $1,000 are capitalized. Repair and maintenance expenditures are expensed as incurred. Depreciation is computed using the straight-line method over the following range of estimated useful lives:

Computer hardware and software	3-5 years
Leased equipment	5 years
Furniture and fixtures	3-7 years
Leasehold improvements	3 years

Impairment of long-lived assets— The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment of Long-Lived Assets.* SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. For the years ended December 31, 2006 and 2005, no impairment charges were recorded.

Investment in LiveDeal Canada — The investment consists of the Company's ownership interest in LiveDeal Canada. The Company evaluated its investment under the provisions of Financial Accounting Standards Board ("FASB") Financial Interpretation ("FIN") No. 46-R, *Consolidation of Variable Interest Entities,* and determined that LiveDeal Canada meets the criteria of a variable interest entity, but that LiveDeal, NS was not the primary beneficiary of the entity. Therefore, the investment is accounted for using the equity method of accounting as allowed under Accounting Principles Board ("APB") Opinion No. 18, *The Equity Method of Accounting for Investments in Common* Stock. Accordingly, the Company increases its investment for any capital contributions made and adjusts the investment for its proportionate share of any income or losses incurred. The use of the equity method of accounting is typically suspended when losses incurred by an investment company reduce the value of the investment to zero. At December 31, 2006, the Company has not suspended the equity method of accounting as the Company is responsible for its proportionate share of the obligations of LiveDeal Canada and, accordingly, in accordance with the recommendations of FASB Interpretation No. 45, records its share of the loss incurred by LiveDeal Canada.

(1) **Nature of operations and summary of significant accounting policies (continued)**

Revenue recognition– For the years ended December 31, 2006 and 2005, the Company recognized revenues from the following sources: (i) web revenues from providing features and premium listings to customers from the Company's website, (ii) advertising revenue from customers posting advertisements on the Company's website, (iii) auto category programs from creating leads for auto dealers, and (iv) web hosting and maintenance revenue. The Company recognizes revenues from these services in the period the services are provided and when the amount is fixed and determinable. Deposits received from web revenue customers for future services are recorded as deferred revenues until the service is rendered which is expected to be within the following year.

Advertising– The Company expenses advertising as incurred. Advertising expense for the years ended December 31, 2006 and 2005 was approximately $1,910,771 and $1,317,888, respectively.

Income taxes– The Company and its subsidiaries file consolidated federal and state income tax returns. The Company provides for income taxes under the guidance of SFAS No. 109, *Accounting for Income Taxes* ("SFAS No. 109"). SFAS No. 109 requires the use of the asset and liability approach in accounting for income taxes. Deferred income tax assets and liabilities are computed based upon cumulative temporary differences in financial reporting and taxable income based upon enacted tax laws. The deferred provision (benefit) for income taxes results from timing differences in the recognition of certain revenue and expense items for financial reporting and income tax reporting purposes.

Concentrations– For the years ended December 31, 2006 and 2005, the Company provided advertising services to a customer amounting to sales of $515,024 and $49,133, respectively, approximately 23 percent and 9 percent of total revenues, respectively. At December 31, 2006 and 2005, accounts receivable from this customer totaled $43,478 and $23,353, approximately 13 percent and 19 percent of accounts receivable, respectively. For the year ended December 31, 2005, the Company provided auto category programs to a customer amounting to sales of $127,611, approximately 24 percent of total revenues.

Stock-based compensation– Effective January 1, 2006, the Company has implemented SFAS No. 123R, *Share-Based Payment* ("SFAS No. 123R"). Prior to January 1, 2006, management elected to follow APB No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25") and related interpretations in accounting for its employee stock options. SFAS No. 123R permits the use of the calculated value method. Under SFAS No. 123R, compensation expense is recorded based on the fair value of the options on the date of the option grant. The compensation expense is recognized over the vesting period of the option. Had the Company determined compensation cost for its stock options under SFAS No. 123R prior to January 1, 2006, net loss for the year ended December 31, 2005 would have been the pro forma amount as indicated below:

	2005
Net loss, as reported	$(3,800,087)
Add: Stock-based compensation expense included in net loss, net of taxes	-
Less: Stock-based compensation expense, net of taxes	4.874
Net loss, pro forma	$(3,804,961)

(1) Nature of operations and summary of significant accounting policies (continued)

The fair value of stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions for the three months ended March 31, 2007 and the years ended December 31, 2006 and 2005:

	2007 (Unaudited)	2006	2005
Risk-free interest rate	4.04%	4.00%	3.09%
Expected life of options	1 year	1year	1year
Expected volatility	50%	50%	50%
Expected dividend yield	0%	0%	0%
Weighted average fair value of options granted	$ 0.05	$ 0.04	$ 0.02

Total non-cash compensation cost associated with options granted for the year ended December 31, 2006, was approximately $107,738 and will be recognized using the straight-line method over the four-year service period that began on the grant date. Aggregate non-cash compensation expense recognized for the year ended December 31, 2006, for all awards was $13,486. The total amount of compensation expense expected to be recognized over the remaining vesting period related to unvested options as of December 31, 2006 is approximately $100,875.

For the three months ended March 31, 2007, the aggregate non-cash compensation expense recognized was $11,304.

(2) Accounts receivable

Accounts receivable consist of the following at March 31, 2007 and December 31, 2006 and 2005:

	2007 (Unaudited)	2006	2005
Trade accounts receivable	$ 311,742	$ 337,842	$ 122,567
Less: allowance for doubtful	-	(2.206)	-
	$ 311,742	$ 335,636	$ 122,567

At March 31, 2007 and December 31, 2006 and 2005, trade accounts receivable included $146,050, $196,894 and $63,453 from LiveDeal Canada for web hosting and maintenance services (see Notes 4 and 13 for further discussion).

(3) Property and equipment

Property and equipment consist of the following at March 31, 2007 and December 31, 2006 and 2005:

	2007 (Unaudited)	2006	2005
Computer hardware and software	$ 449,633	$ 451,027	$ 332,960
Leased equipment	6,189	6,189	6,189
Furniture and fixtures	2,699	2,699	1 ,600
Leasehold improvements	2,626	2.626	1,124
	461,147	462,541	341 ,873
Less: accumulated depreciation and amortization	(250,945)	(219.022)	(62,468)
	$ 210,202	$ 243.519	$ 279,405

(3) Property and equipment (continued)

For the three months ended March 31, 2007 and for the years ended December 31, 2006 and 2005, depreciation expense charged to operations was $31,923, $156,554 and $42,737, respectively.

(4) Investment in LiveDeal Canada

LiveDeal NS Company and Metroland, a Canadian company, entered into a partnership agreement which established a new entity, LiveDeal Canada to operate a classified advertisement website in Canada. As part of the transaction, Metroland contributed marketing support services and LiveDeal NS Company contributed its website technology resulting in both parties having a 50 percent ownership interest in LiveDeal Canada at the time the partnership was formed. On April 12, 2006, the Partnership Agreement was amended to allow for LaPresse, Ltd., a Canadian company, to enter into the partnership. As part of this transaction, LaPresse, Ltd. contributed marketing support services in exchange for a 20 percent ownership interest. Concurrently, LaPresse, Ltd. purchased a 10 percent interest from LiveDeal NS Company for $2,697,870. For the year ended December 31, 2006, LiveDeal recorded a gain on the sale of its 10 percent ownership interest of $2,686,318. After the transaction, LiveDeal NS Company's ownership interest was reduced from 50 percent to 30 percent. Effective April 1, 2007, LiveDeal NS Company sold its remaining 30 percent interest in LiveDeal Canada to its partners, Metroland and LaPresse, Ltd., in exchange for cash of $425,000 (see Note 16 for further discussion of this transaction.)

The following is summarized financial information for LiveDeal Canada obtained from their financial statements which were audited by other auditors at and for the years ended December 31, 2006 and 2005:

	2006	2005
Cash	$ 609,668	$ 51,336
Accounts receivable	11,643	1,249
Prepaid expense	44,077	-
Total assets	$ 665,388	$ 52,585
Accounts payable	$ 153,890	$ -
Due to partners	666,646	87,353
Partners' equity	(155,148)	(34,768)
Total liabilities and capital	$ 665,388	$ 52,585
Total revenue	$ 278,642	$ 2,967
Gross deficit	$(1,792,564)	$ (86,247)
Net loss	$(1,770,666)	$ (86,247)

(5) Accrued expenses

Accrued expenses consist of the following at March 31, 2007 and December 31, 2006 and 2005:

	2007 (Unaudited)	2006	2005
Accrued compensated absences	$ 70,300	$ 54,593	$ 35,342
Accrued employee tax reimbursement	48,462	48,462	-
Accrued severance	-	45,000	-
Deferred rent	-	-	20,907
Other accrued expenses	59,248	38,558	31,779
	$ 178,010	$ 186,613	$ 88,028

(6) Notes payable

On February 1, 2005, the Company issued a note payable totaling $1,000,000. Interest on the promissory note is at a fixed rate of 10 percent per annum and was payable on the earlier of June 1, 2005 or upon the occurrence of certain events. If the note was unpaid as of June 1, 2005, the note and unpaid interest would automatically be converted to Series A-3 preferred stock at a conversion price of $0.33 per share. The note was converted to Series A-3 preferred stock on June 1, 2005, as discussed in Note 8. The accrued interest of approximately $31,000 was forgiven at the time of conversion and interest expense was reduced.

On May 31, 2005 and September 20, 2005, the Company issued two promissory notes in the amounts of $1,000,000 and $200,000. Interest on these promissory notes is at a fixed rate of 10 percent and 0 percent per annum, respectively, and were payable on the earlier of December 31, 2005 or upon the closing of the Company's Series B preferred stock financing in October 2005 as discussed in Note 8.

On December 12, 2006, the Company issued a promissory note to its Chief Executive Officer and Shareholder totaling $1,000,000. Interest on the promissory note is at a fixed rate of 5 percent per annum. The principal and interest are due on March 31, 2007. In March 2007, the terms of the promissory note were verbally extended and the loan is now due upon demand. In connection with YP Corp.'s acquisition of LiveDeal, the outstanding principal and interest was repaid (see Note 16 for further discussion).

(7) Notes receivable

In 2004, the Company issued promissory notes to three employees and one financial consultant with a total carrying amount of $261,000. The promissory notes were issued when the employees and the consultant exercised their outstanding stock options. The principal of the notes and accrued interest are due and payable at maturity. The notes bear interest at an annual rate of 5 percent and mature on or at various times through November 2014. The notes are secured by the shares issued.

In October 2005, the Company entered into a Forgiveness of Indebtedness Program with the employees and the consultant, who delivered promissory notes to purchase the common stock of the Company by the early exercise of their stock options during 2004. The Company agreed to forgive the principal and accrued interest of the promissory notes from these employees and the consultant. In accordance with the Forgiveness of Indebtedness Agreement, the notes receivable are cancelable upon termination of employment or service with the Company. Upon cancellation of notes receivable, the individuals will return all unvested shares held by these employees and the consultant, and the Company will expense the vested shares as stock compensation expense.

(7) Notes receivable (continued)

During 2006, two employees terminated their employment with LiveDeal, resulting in the cancellation of two notes receivable amounting to $200,000. In connection with this transaction, the individuals returned 1,112,709 shares of the Company's common stock at $0.10 per share for the unvested portion amounting to $111,271. For the year ended December 31, 2006, the Company recognized compensation expense on the vested shares of approximately $107,078. Additionally, pursuant to the Forgiveness of Indebtedness Program, the Company agreed to reimburse the employees for the 2006 tax obligations associated with the income earned by the employee for the vested portion of the shares. At December 31, 2006, the Company recorded a liability of $48,462 for this obligation, which is included in accrued expenses. At March 31, 2007, no notes receivable were cancelled.

The Company is not anticipating receiving the principal and interest payments from the remaining notes issued in conjunction with exercise of the stock options. At December 31, 2006 and 2005, the Company recorded an allowance for these notes receivables at an amount equal to the vested portion of each note inclusive of accrued interest. This amount is included in compensation expense in each year. For the three months ended March 31, 2007, the Company recognized $4,317 in compensation expense.

Notes receivable consist of the following at December 31, 2006 and 2005:

	2006	2005
Notes receivable	$ 61,000	$ 261,000
Less: allowance for notes receivable	(38,750)	(96,797)
Notes receivable, net	22,250	164,203
Interest receivable	7,284	18,007
Less: allowance for interest receivable	(4,648)	(6,681)
Interest receivable, net	2,636	11,326
	$ 24,886	$ 175,529

(8) Shareholders' equity

Convertible preferred stock - Prior to January 1, 2005, the Company issued 4,000,000 shares of Series A preferred stock. These shares were issued at an original price of $0.035 per share amounting to $140,000. Additionally, prior to January 1, 2005, the Company also issued 13,333,333 shares of Series A-2 preferred stock at an original price of $0.15 per share in exchange for the conversion of $1,000,000 of principal of previously issued promissory notes payable and $1,000,000 in cash.

On June 1, 2005, the Company amended and restated its Articles of Incorporation with the Secretary of the state of California, which provided for the issuance of the third series of preferred stock, Series A-3 preferred stock. Accordingly, the Company issued 3,000,000 shares of Series A-3 preferred stock in exchange for the conversion of $1,000,000 of principal of a previously issued promissory note dated February 1, 2005. The issue price was $0.333 for the Series A-3 preferred stock.

On October 6, 2005, the Company amended and restated Articles of Incorporation with the Secretary of the state of California, under which the Company was authorized to issue 10,229,041 shares of Series B preferred stock. The Company entered into a Series B Preferred Stock Purchase Agreement to issue 10,229,041 shares of Series B preferred stock for $4,868,001 in cash. The original price was $0.4759 per share for the Series B preferred stock.

(8) Shareholders' equity (continued)

As a result of the above amendment, the Company was authorized to issue a total of 30,562,374 shares of preferred stock at December 31, 2005 (Series A, A-2, A-3 and B).

For all series of preferred stock, each share of preferred stock is convertible at the option of the holder into shares of the Company's common stock at any time. Such conversion is determined by dividing the relevant original issue price by the applicable conversion rate (1:1 as of the issuance date). Each share of convertible preferred stock (Series A, A-2, A-3, and B) will automatically convert into shares of common stock at the conversion rate in effect immediately prior to the closing of a firm commitment underwritten public offering registered under the Securities Act of 1933, as amended, covering the offer and sale of common stock at a public offering of shares of common stock at an offering price to the public of at least $3.00 per share with aggregate cash proceeds to the Company of at least $30,000,000.

The holders of Series B preferred stock are entitled to receive non-cumulative dividends, if declared by the Board of Directors, at the rate of $0.038 per share per annum, in preference and priority to any payments of any dividend to the holders of Series A preferred stock (Series A, A-2 and A-3) and common stock. The holders of Series A, A-2 and A-3 preferred stock are also entitled to receive non-cumulative dividends, if declared by the Board of Directors, at the rate of $0.001, $0.004, and $0.01, respectively, per share per annum, in preference and priority to any payments of any dividend to the holders of common stock. For the years ended December 31, 2006 and 2005, no dividends have been declared or paid.

In the event of any liquidation, dissolution or winding down of the Company, whether voluntary or involuntary, the holders of Series B preferred stock have first priority and preference to other holders of the Series A preferred stock and Company's common stock, at an amount equal to $0.4759 for each share of Series B preferred stock, plus all dividends declared and unpaid. Second, the holders of Series A preferred stock (Series A, A-2, and A-3) will be entitled to receive, prior and in preference to the holders of the Company's common stock, and amount equal to (i) $0.035 for each share of Series A preferred stock, (ii) $0.15 for each share of Series A-2 preferred stock, and (iii) $0.333 for each share of Series A-3 preferred stock. If the assets of the Company legally available for distribution are not sufficient to permit the payment off Series B or Series A liquidation preference (Series A, A-2, and A-3), then all of the assets and funds of the Company will be distributed ratably among the holders of the Series B and Series A preferred stock (Series A, A-2, and A-3) in proportion to the full preferential amount each holder is entitled to receive.

The holders of preferred stock have the number of votes equal to the number of shares of common stock into which their shares of preferred stock are convertible.

Common stock– In October 2005, the Company amended and restated its Articles of Incorporation and is authorized to issue 48,500,000 shares of common stock with no par value. At December 31, 2006 and 2005, there were 11,071,835 and 11,775,482 shares issued and outstanding, respectively.

Warrants– As an additional consideration for JJRC Associates, the Lessor, entering into a leasing agreement with the Company on April 12, 2005, the Company granted the Lessor warrants to purchase up to 10,000 shares of the common stock at an exercise price of $0.10 per share through (i) the fifth anniversary of the issuance date or (ii) on the tenth anniversary of the issuance date if at any time prior to the fifth anniversary of the issuance date, the common stock of the Company is publicly traded and the closing price of one share of the common stock of the Company on NASDAQ or other major exchange for publicly traded stock has not been more than five times the exercise price for any trading day during any period of twenty consecutive trading days. As of December 31, 2005, the grant of these warrants, at fair value, did not have a material impact on the consolidated financial statements. Additionally, no additional warrants were granted subsequent to December 31, 2005.

(9) Stock options

Stock plan– In 2003, the Company adopted the 2003 Stock Plan (the "Plan'"). The Plan provides for incentive stock options, as defined by the Internal Revenue Code, to be granted to employees at an exercise price of not less than 100 percent of the fair value at the grant date as determined by the Board of Directors, unless the optionee is a 10 percent or greater shareholder, in which case the option price will not be less than 110 percent of such fair value. The Plan also provides for non-statutory stock options and stock purchase rights to be issued to employees, directors and consultants. Under the Plan, 6,841,960 shares of common stock have been authorized.

Options granted under the Plan generally have a maximum term of ten years from the grant date and, depending upon the terms of each individual grant, generally vest over a four-year period. Generally, options to employees vest 25 percent one year from the date of grant.

Upon termination of continuous service provider status, an optionee may exercise his or her options within such period of time specified in the option agreement. In the absence of such an option agreement, the option shall remain exercisable for three months following the optionee's termination. The unvested shares shall revert to the Plan.

The Plan specifies that unvested shares resulting from the early exercise of stock options under the Restricted Stock Purchase Agreement are to be received by the Company upon termination of the individual's employment at the original price paid for the shares and may be paid by cancellation of indebtedness of the purchaser to the Company. At December 31, 2006 and 2005, 250,001 and 1,707,085 shares, respectively, were subject to be received.

The following table summarizes stock option activity for the under the Plan for the three months ended March 31, 2007 and the years ended December 31, 2006 and 2005:

	Shares	Weighted Average Exercise Price
Outstanding, December 31, 2004	1,320,000	$ 0.10
Granted	805,000	0.10
Exercised	(39,125)	0.06
Forfeited	(715,875)	0.10
Outstanding, December 31, 2005	1,370,000	0.10
Granted	4,290,000	0.19
Exercised	(509,062)	0.10
Forfeited	(2,520,938)	0.15
Outstanding, December 31, 2006	2,630,000	0.20
Granted	1,425,000	0.24
Exercised	(10,000)	0.10
Forfeited	(145,000)	0.15
Outstanding, March 31, 2007	3,900,000	$ 0.22

(9) Stock options (continued)

	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at December 31, 2005	1,462,291	$ 0.02
Granted	4,290,000	0.04
Vested	(1,077,432)	0.03
Forfeited	(2,466,455)	0.03
Nonvested shares at December 31, 2006	2,208,404	$ 0.05

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2006:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Shares
$ 0.10 - 0.24	2,630,000	3.36	$ 0.20	421,596	2.99	$ 0.17

A t December 31, 2006 and 2005, the Company granted 90,000 and zero nonstatutory stock options to non-employees, respectively. Such options vest over a four-year period and expire ten years from the date of the grant. The nonstatutory stock options awarded in 2006 were expensed at the grant date as the length of the contract terms for these consulting agreements were on a month-to-month basis and the stock options were issued for prior services rendered. For the year ended December 31, 2006, compensation expense associated with these nonstatutory stock options of $13,500 was recognized.

(10) Income taxes

The income tax provision consists of the following for the three months ended March 31, 2007 and 2006 and the years ended December 31, 2006 and 2005:

	Three Months Ended March 31, 2007 (Unaudited)	Three Months Ended March 31, 2006 (Unaudited)	December 31, 2006	December 31, 2005
Current:	$ -	$ -	$ -	$ -
Federal	860	-	800	800
State	$ 860	$ -	$ 800	$ 800

(10) Income taxes (continued)

The provision for income taxes differed from the amounts computed by applying the statutory U.S. federal income tax rate of 34 percent for the years ended December 31, 2006 and 2005 to loss before income tax provision as a result of the following:

	2006	2005
Federal statutory rate	$ (860,979)	$(1,291,758)
Change in deferred tax valuation allowance	835,044	1,278,650
Other	26,735	13,908
Income tax provision	$ 800	$ 800

Due to the Company's (i) net operating losses since inception and (ii) present inability to recognize the potential benefits of its net operating loss and tax credit carry forwards, as described below, at December 31, 2006 and 2005, no provision or benefit for deferred taxes has been recorded in the accompanying consolidated financial statements. At December 31, 2006 and 2005, the Company had federal and state net operating loss carry forwards of approximately $8,407,454 and $5,864,647, respectively. The federal and state net operating loss carry forwards will expire at various dates through 2026 and 2016, respectively.

The components of net deferred tax assets and liabilities at December 31, 2006 and 2005 are as follows:

	2006	2005
Deferred tax assets:		
Net operating loss carryforward	$ 3,349,059	$ 2,483,153
Notes receivable reserve	-	44,330
Accrued compensated absences	21,747	10,471
Deferred rent	-	8,957
Other	-	272
Total gross deferred tax assets	3,370,806	2,547,183
Deferred tax liabilities:		
Property and equipment	(8,729)	(20,150)
Total gross deferred tax liabilities	(8,729)	(20,150)
Net deferred tax assets	3,362,077	2,527,033
Less: valuation allowance	(3,362,077)	(2,527,033)
	$ -	$ -

At December 31, 2006 and 2005, the Company had net deferred tax assets of approximately $3,362,077 and $2,527,033, respectively. Realization of these deferred tax assets is dependent upon future taxable income, the amount and timing of which are uncertain. Accordingly, the Company's deferred tax assets have been fully offset by a valuation allowance of $3,362,077 and $2,527,033, respectively, at December 31, 2006 and 2005. The change in the total valuation allowance for the year ended December 31, 2006 was an increase of $835,044.

At March 31, 2007, there were no significant changes in the components of the net deferred tax asset and associated valuation allowance.

(11) Commitments and contingencies

Leasing arrangements– The Company leases its facilities and equipment under noncancelable operating leases with a third party that expired June 30, 2006 with one extension that expired on June 30, 2007. Subsequent to year end, the Company extended the noncancelable operating leases for the use of facilities through June 30, 2008. The Company is required to pay for real estate taxes, repairs and maintenance, insurance, and certain improvements associated with the lease. For the years ended December 31, 2006 and 2005, rental expense related to the building lease was approximately $99,000 and $62,000, respectively.

The Company also leases a phone system and copier under noncancelable operating leases with an unrelated party. For the years ended December 31, 2006 and 2005, rental expense related to these leases was approximately $7,000 and $3,000, respectively.

Future minimum lease payments for the noncancelable operating leases as of December 31, 2006 are as follows:

2007	$ 113,118
2008	54,319
	$ 167,437

Capital leases– the Company has entered into certain capital lease agreements to acquire access control systems equipment. The agreements mature through 2008.

Future minimum lease payments, for capital leases as of December 31, 2006 are as follows:

Years Ending December 31,	
2007	$ 2,848
2008	701
	3,549
Less: amount representing interest	(783)
Present value of lease payments	2,766
Less: current portion	2,229
	$ 537

Property and equipment include the following amounts of equipment purchased under the capital leases at March 31, 2007 and December 31, 2006 and 2005:

	2007 (Unaudited)	2006	2005
Leased equipment	$ 6,189	$ 6,189	$ 6,189
Less: accumulated depreciation	(2,273)	(1,963)	(726)
	$ 3,916	$ 4,226	$ 5,463

(11) Commitments and contingencies (continued)

Guarantees– Pursuant to the Company's partnership agreement with Metroland, the Company has guaranteed all of the obligations of the indirect wholly owned subsidiary, LiveDeal NS Company. The overall maximum amount of the obligations cannot be reasonably estimated, and historically, the Company has not been required to make payments for these obligations. As such, no liabilities have been recorded for these obligations in the Company's consolidated balance sheet. Effective April 1, 2007, LiveDeal NS Company sold its remaining 30 percent interest in LiveDeal Canada (see Note 16 for further discussion). In connection with the sale of its investment, the Company was relieved of its obligation to provide guarantees to LiveDeal NS Company associated with the partnership agreement.

(12) 401(k) Plan

The Company administers a 401(k) Plan (the "Plan") for qualifying employees to provide retirement benefits. Participating employees contribute a percent of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. Under the terms of the Plan, employees are vested in their own salary deferral contributions and the Company does not provide for any matching of employee contributions.

(13) Related party transactions

For the years ended December 31, 2006 and 2005, the Company provided web hosting and maintenance services to LiveDeal Canada for which LiveDeal NS Company had a 50 percent ownership interest through April 12, 2006 and a 30 percent ownership interest at December 31, 2006. Since December 2005, the Company has provided web site hosting services to LiveDeal Canada pursuant to the service agreement. For the years ended December 31, 2006 and 2005, service income from LiveDeal Canada was approximately $833,317 and $63,453, respectively, and approximately 38 percent and 12 percent of total revenues, respectively. For the three months ended March 31, 2007 and 2006, service income from LiveDeal Canada was approximately $231,544 and $165,074, respectively, and approximately 36 percent and 43 percent of total revenues, respectively. At March 31, 2007 and December 31, 2006 and 2005, accounts receivable from LiveDeal Canada were $146,050, $196,894 and $63,453, respectively, and approximately 47 percent, 59 percent and 52 percent of total accounts receivable, respectively.

(14) Restatement

Management identified certain errors and determined that the 2005 consolidated financial statements should be re-audited in connection with the audit of the 2006 consolidated financial statements. The accompanying consolidated financial statements as of and for the year ended December 31, 2005 have been restated to correct errors related to an overstatement of cash and cash equivalents, proper classification of certain assets and liabilities between prepaid expenses and other current assets, property and equipment, other assets and accounts payable, the understatement of accrued recruiting fees for services incurred prior to December 31, 2005, but not recorded and the reclassification of convertible preferred stock to shareholders' equity. The impact of these adjustments increased the accumulated deficit by $34,992 as of December 31, 2005.

Additionally, the consolidated statement of operations for the year ended December 31, 2005 reflects the impact of adjusting certain expenses previously classified as research and development expenses to cost of revenues for expenses associated with maintaining the LiveDeal web site and the reclassification of equity losses in LiveDeal Canada and loss on disposal of property from other income and expense to operating expenses. The impact of these adjustments did not impact the net loss as of December 31, 2005.

(14) Restatement (continued)

As a result of these adjustments, the Company restated its consolidated balance sheet as of December 31, 2005 and consolidated statements of operations and cash flows for the year ended December 31, 2005. The following sets forth the previously reported and restated amounts of selected items within the consolidated balance sheet as of December 31, 2005 and within the consolidated statements of operations and cash flows for the year ended December 31, 2005:

	As Previously Reported	As Restated
Selected consolidated balance sheet data as of December 31, 2005:		
Cash and cash equivalents	$ 2,356,115	$ 2,334,812
Prepaid expenses and other current assets	174,198	98,224
Property and equipment, net	222,745	279,405
Other assets	-	10,000
Accounts payable	(210,566)	(198,065)
Accrued expenses	(71,152)	(88,028)
Accumulated deficit	(5,865,529)	(5,900,521)
Total shareholders' equity (deficit)	(5,417,188)	2,555,821

	As Previously Reported	As Restated
Selected consolidated statement of operations data for the year ended December 31, 2005:		
Cost of revenues	$ 751,617	$ 774,459
Marketing	2,359,748	2,396,123
General and administrative	705,344	739,822
Research and development	433,071	407,702
Total operating expenses	3,498,163	3,587,582
Total other income (expense), net	(47,733)	29,536
Net loss	(3,765,095)	(3,800,087)
Selected cash flow data for the year ended December 31, 2005:		
Loss on disposal of property	$ 33,337	$ 34,478
Depreciation and amortization	35,511	42,737
Prepaid expenses and other current assets	(164,744)	(88,771)
Accounts payable	164,714	152,214
Accrued expenses	38,462	55,337
Purchases of property and equipment	(159,336)	(224,362)

(15) New accounting pronouncements

In June 2006, FASB issued FIN 48, "*Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109*," which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact, if any, the adoption of FIN 48 will have on its financial reporting and disclosures.

(16) Subsequent events

Effective April 1, 2007, LiveDeal NS Company sold its remaining 30 percent ownership interest in LiveDeal Canada and any remaining liability due to LiveDeal Canada to its partners, Metroland and LaPresse, Ltd. for $425,000. LiveDeal NS Company's estimated gain on this transaction is approximately $880,502. In connection with this transaction, the Company executed an amended and restated software license agreement effective April 1, 2007, which allows for LiveDeal Canada to continue to use the LiveDeal web site and associated technology for a fixed monthly license fee of approximately $30,000. This agreement expires on January 31, 2010. The Company also executed an amended and restated services agreement, effective April 1, 2007 for the Company to provide web hosting and maintenance services to LiveDeal Canada for a fixed monthly service fee of $20,000. This agreement also expires on January 31, 2010. Additionally, LiveDeal Canada sold its web site technology for a cost of $8,000. In connection with executing these agreements and the sale of its web site technology, LiveDeal NS Company received $208,000, of which $200,000 reflects deferred licensing fee, web hosting and service revenue to be recognized in 2007.

On June 6, 2007, the Company was acquired by YP Corp., a leading provider of nationwide internet yellow pages. Under the terms of the acquisition, all shares of LiveDeal common stock, Series A preferred stock, Series A-2 preferred stock, Series A-3 preferred stock, and Series B preferred stock were converted into the right to receive 14,504,808 shares of YP Corp.'s common stock, with a par value $0.001. On June 6, 2007, YP Corp.'s value per share was $0.69 as quoted by OTC Bulletin Board. In addition, all outstanding LiveDeal options and warrants were converted into options to purchase a total of 230,819 shares of YP Corp. common stock and warrants to acquire a total of 728 shares of YP Corp. common stock on similar terms and conditions that are applicable to such LiveDeal options and warrants. Additionally, YP Corp. agreed to issue an additional 1,463,706 shares of common stock in exchange for the cancellation of the outstanding note payable and interest with LiveDeal's Chief Executive Officer in the amount of $1,021,666. Immediately following the acquisition, LiveDeal became a wholly-owned subsidiary of YP Corp.

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On June 6, 2007, LiveDeal, Inc (formerly known as YP Corp.) (the "Company" or the "Parent), completed its acquisition of LiveDeal, Inc. ("LiveDeal"). The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended September 30, 2006 combines the historical consolidated statement of operations of the Parent for the year ended September 30, 2006 and the historical consolidated statement of operations of LiveDeal for the year ended December 31, 2006, giving effect to the acquisition as if it had been completed on October 1, 2005. Although the respective fiscal year ends of the Parent and LiveDeal are different such periods end within 93 days of each other and, therefore, are combined for presentation as permitted under Rule 11.02(c) of Regulation S-X. The Unaudited Pro Forma Condensed Combined Statement of Operations for the six months ended March 31, 2007 combines the historical consolidated statements of operations of the Parent and LiveDeal for the six months ended March 31, 2007, giving effect to the acquisition as if it had been completed on October 1, 2006. The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical consolidated balance sheets of the Parent and LiveDeal, giving effect to the acquisition as if it had been completed on September 30, 2006. Although the respective balance sheet dates of the Parent and LiveDeal are different such periods end within 93 days of each other and, therefore, are combined for presentation as permitted under Rule 11.02(c) of Regulation S-X.

This information should be read in conjunction with the:

- Accompanying notes to the unaudited pro forma condensed combined financial statements;
- Separate historical financial statements of the Parent as of and for the year ended September 30, 2006 included in the Parent's Annual Report on Form 10-K for the year ended September 30, 2006;
- Separate historical financial statements of the Parent for the six months ended March 31, 2007 included in the Parent's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007; and
- Separate historical financial statements of LiveDeal as of and for the year ended December 31, 2006 included in this Current Report on Form 8-K/A.

On August 10, 2007, the Parent filed amended and restated articles of incorporation with the Office of the Secretary of State of Nevada, pursuant to which the Company's name was changed from YP Corp. to LiveDeal, Inc. effective August 15, 2007. The name change, which was approved by the Company's board of directors pursuant to discretion granted it by the Company's shareholders at a special meeting on August 2, 2007.

Effective on August 15, 2007, the Company implemented a 1-for-10 reverse stock split with respect to issued and outstanding shares of its common stock. The reverse stock split, which was approved by the Company's board of directors pursuant to its discretion granted by the Company's shareholders at a special meeting on August 2, 2007.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only. The pro forma financial statements are not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the acquisition been completed at the dates indicated. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined financial statements were prepared using the purchase method of accounting with the Parent treated as the acquiror. Accordingly, the historical consolidated financial information has been adjusted to give effect to the impact of the consideration paid in connection with the acquisition. In the Unaudited Pro Forma Condensed Combined Balance Sheet, the Parent's cost to acquire LiveDeal has been allocated to the assets acquired and liabilities assumed based upon management's preliminary estimate of their respective fair values as of the date of acquisition. The difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired has been recorded as goodwill. The amounts allocated to acquired assets and liabilities in the Unaudited Pro Forma Condensed Combined Balance Sheet are based on management's preliminary internal valuation estimates and consultations with outside valuation experts. Such amounts are preliminary based on the following:

- The Company is awaiting the final valuation report on its intangible assets and property, plant and equipment.
- The Company is performing further analysis of the realizability of the acquired deferred tax assets.
- Included in the preliminary purchase price are estimated accruals for service providers for which the Company has not received final invoices.

Accordingly, the pro forma adjustments to allocate the purchase price are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information and are subject to revision based on a final determination of the fair values of the assets acquired and liabilities assumed.

The Unaudited Pro Forma Condensed Combined Statements of Operations also include certain purchase accounting adjustments, including items expected to have a continuing impact on the combined results, such as changes in depreciation and amortization expense resulting from the estimated fair values of acquired tangible and intangible assets.

The Unaudited Pro Forma Condensed Combined Statements of Operations do not include the impact of any potential cost savings or one-time costs that may result from the acquisition.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 2007

	Historical Parent		Historical LiveDeal	Pro Forma Adjustments		Pro Forma Combined	
Net revenues	$ 13,230,227		$ 1,295,789	$ -		$ 14,526,016	
Cost of services	1,609,007		16,777	-		1,625,784	
Gross profit	11,621,220		1,279,012	-		12,900,232	
Operating expenses:							
General and administrative expenses	6,781,364		1,896,317	121,500	(c)		
				100,500	(d)		
				(24,421)	(e)	8,875,260	
Sales and marketing expenses	3,194,793		909,874	-		4,104,667	
Litigation and related expenses	(200,718)		-	-		(200,718)	
Total operating expenses	9,775,439		2,806,191	197,579		12,779,209	
Operating income (loss)	1,845,781		(1,527,179)	(197,579)		121,023	
Other income (expense):							
Interest expense	-		(13,160)	13,160	(f)	-	
Interest income	164,697		15,289	-		179,986	
Other income (expense)	13,755		4,152	-		17,907	
Total other income (expense)	178,452		6,281	13,160		197,893	
Income before income taxes	2,024,233		(1,520,898)	(184,419)		318,916	
Income tax provision	(912,773)		(800)	794,426	(h)	(119,147)	
Net income (loss) from continuing operations	$ 1,111,460		$ (1,521,698)	$ 610,007		$ 199,769	
Net income from continuing operations per common share:							
Basic	$ 0.24	(j)				$ 0.03	(j)
Diluted	$ 0.23	(j)				$ 0.03	(j)
Weighted average common shares outstanding:							
Basic	4,561,425	(j)		1,675,006	(i)	6,236,431	(j)
Diluted	4,780,872			1,675,006		6,455,878	

See accompanying notes to the proforma condensed combined financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Historical Parent	Parent Reclassifications (a)	Historical LiveDeal	LiveDeal Reclassifications (b)	Pro Forma Adjustments		Pro Forma Combined	
Net revenues	$ 36,881,164	$ (4,923,217)	$ 2,201,433	$ (12,505)	$ -		$ 34,146,875	
Cost of services	8,069,239	(4,923,217)	1,960,083	(1,930,770)	-		3,175,335	
Gross profit	28,811,925	-	241,350	1,918,265	-		30,971,540	
Operating expenses:								
General and administrative expenses	13,800,456	1,434,554	765,460	4,095,770	276,000	(c)		
					201,000	(d)		
					(48,842)	(e)	20,524,398	
Sales and marketing expenses	11,452,465	-	3,056,631	(1,072,212)	-		13,436,884	
Depreciation and amortization	1,434,554	(1,434,554)	-	-	-		-	
Research and development	-	-	1,105,293	(1,105,293)	-		-	
Equity in LiveDeal Canada	-	-	604,282	-	-		604,282	
Litigation and related expenses	-	3,686,804	-	-	-		3,686,804	
Total operating expenses	26,687,475	3,686,804	5,531,666	1,918,265	428,158		38,252,368	
Operating income (loss)	2,124,450	(3,686,804)	(5,290,316)	-	(428,158)		(7,280,828)	
Other income (expense):								
Interest expense	-	-	(1,619)	-	1,619	(f)	-	
Interest income	224,176	-	73,931	-	-		298,107	
Gain on sale of investment	-	-	2,686,318	-	-		2,686,318	(g)
Loss on attorneys general settlement	(3,525,000)	3,525,000	-	-	-		-	
Other income (expense)	(186,325)	161,804	(605)	-	-		(25,126)	
Total other income (expense)	(3,487,149)	3,686,804	2,758,025	-	1,619		2,959,299	
Loss before income taxes	(1,362,699)	-	(2,532,291)	-	(426,539)		(4,321,529)	
Income tax benefit (provision)	311,779	-	(800)	-	1,303,544	(h)	1,614,523	
Net loss from continuing operations	$ (1,050,920)	$ -	$ (2,533,091)	$ -	$ 877,005		$ (2,707,006)	
Net loss from continuing operations per common share:								
Basic	$ (0.23) (j)						$ (0.44)	(j)
Diluted	$ (0.23) (j)						$ (0.44)	(j)
Weighted average common shares outstanding:								
Basic	4,495,868				1,675,006	(i)	6,170,874	(j)
Diluted	4,495,868				1,675,006		6,170,874	

See accompanying notes to the proforma condensed combined financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

The Unaudited Pro Forma Condensed Combined Statements of Operations include the following proforma assumptions and adjustments:

(a) During 2007, the Parent revisited its historical presentation of its income statement and made the following reclassifications:

- Dilutions and chargebacks have been reclassified from cost of services to a reduction in net revenues.
- Depreciation and amortization expenses that were previously separately stated are now included in general and administrative expenses.
- Litigation and related expenses that were previously included in other income and expense are now separately stated as a component of operating expenses.

(b) Represents reclassifications of LiveDeal historical financials to conform to the presentation of the Parent. Salaries, wages and other related costs related to the LiveDeal website operation, design and development were previously apportioned to cost of sales, research and development and marketing as required under LiveDeal's original business model. To conform with Parent's business model and financial presentaion such costs are now included in general and administrative expense. Also, certain costs associated with revenue sharing agreements that were previously recorded in cost of sales are now recorded as a reduction in net revenues to conform to Parent's busniess model and financial presentation.

(c) Total other income (expenses) include the non-recurring gain on LiveDeal's sale of a portion of their investment in LiveDeal Canada.

(d) Represents an increase in intangible asset amortization expense resulting from the purchase price allocation related to LiveDeal's intangible assets (see notes to the Unaudited Pro Forma Condensed Combined Balance Sheet). Note that these pro forma combined condensed financial statements reflect a preliminary allocation to property and equipment, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different purchase price allocation than that presented in these pro forma combined condensed financial statements.

(e) Represents a reduction in depreciation expense resulting from the purchase price allocation related to LiveDeal's property and equipment (see notes to the Unaudited Pro Forma Condensed Combined Balance Sheet). Note that these pro forma combined condensed financial statements reflect a preliminary allocation to property and equipment, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different purchase price allocation than that presented in these pro forma combined condensed financial statements.

(f) Represents the elimination of interest expense associated with a note that was repaid as part of the acquisition. The note payable to shareholder of $1,021,667 was satisfied through the issuance of 146,371 shares of the Parent common stock (1,463,706 shares prior to the 1-for-10 reverse split previously described). Interest on the note payable to shareholder was previously recorded at a fixed rate of 5 percent per annum.

(g) Total other income (expenses) includes the non-recurring gain on LiveDeal's sale of a portion of their investment in LiveDeal Canada.

(h) The combined provision for income taxes is a result of pro forma adjustments and the combination of the Parent and LiveDeal at an estimated statutory rate of 37 percent for the periods presented.

(i) The weighted average shares reflect the 1,675,006 shares (16,750,061 shares on a pre-split basis) issued in connection with the acquisition and settlement of the note payable to shareholder as discussed above.

(j) Net loss (income) from continuing operations per share and weighted average common shares outstanding reflect the 1-for-ten reverse stock split previously described.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2006

	Historical Parent September 30, 2006	Historical LiveDeal December 31, 2006	Pro Forma Adjustments		Pro Forma Combined
Assets					
Cash and cash equivalents	$ 6,394,775	$ 1,202,956	$ (391,845)	(b)	$ 7,205,886
Certificates of deposit and other investments	3,082,053	-			3,082,053
Accounts receivable, net	8,015,600	335,636	(207,047)	(b)	8,144,189
Prepaid expenses and other current assets	235,250	63,292	(40,115)	(b)	258,427
Deferred tax asset	1,781,736	-			1,781,736
Total current assets	19,509,414	1,601,884	(639,007)		20,472,291
Accounts receivable, long term	1,140,179	-			1,140,179
Property and equipment, net	178,883	243,519	(173,519)	(c)	248,883
Deposits and other assets	91,360	10,000	846	(b)	102,206
Intangible assets, net	5,722,604	-	2,130,000	(d)	7,852,604
Goodwill	-	-	7,389,951	(e)	7,389,951
Deferred tax asset, long term	1,334,787	-	3,545,618	(f)	4,880,405
Total assets	$ 27,977,227	$ 1,855,403	$ 12,253,889		$ 42,086,519
Liabilities and Stockholders' Equity					
Liabilities:					
Accounts payable	$ 773,653	$ 287,140	$ 588,141	(b)	$ 1,648,934
Accrued liabilities	4,565,439	451,453	413,235	(a)	
			39,049	(g)	5,469,176
Income taxes payable	261,762	-			261,762
Notes payable and capital lease obligations	-	1,002,229	(1,000,000)	(h)	2,229
Total current liabilities	5,600,854	1,740,822	40,425		7,382,101
Capital lease obligations, long-term	-	537	(537)	(b)	-
Total liabilities	5,600,854	1,741,359	39,888		7,382,101
Total stockholders' equity	22,376,373	114,044	(114,044)	(i)	
			12,328,045	(a)	34,704,418
Total liabilities and stockholders' equity	$ 27,977,227	$ 1,855,403	$ 12,253,889		$ 42,086,519

See accompanying notes to the proforma condensed combined financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

The Unaudited Pro Forma Condensed Combined Balance Sheet includes the following pro forma assumptions and adjustments:

(a) The aggregate purchase price is based on the fair value per share of the Parent common stock and the number of shares of the Parent common stock issued at June 6, 2007 plus an estimated $413,235 of acquisition-related expenses. The value of the approximate 1,675,006 shares of the Parent common stock (16,750,061 on a pre-split basis) assumed to be granted at September 30, 2006 is based on the average closing price of the Parent's common stock for the period from two days prior to two days after the effective date of the transaction.

The following is based on a preliminary assessment of fair value of the assets acquired and liabilities assumed of LiveDeal. The table below represents a preliminary allocation of the above consideration to LiveDeal's tangible and intangible assets and liabilities based on the Parent management's preliminary estimate of their respective fair value as of the date of the acquisition:

Current assets	$ 962,877
Property, plant and equipment	70,000
Goodwill	7,389,951
Intangible assets	2,130,000
Deferred tax assets	3,545,618
Other non-current assets	10,846
Total assets acquired	14,109,292
Current liabilities	1,368,012
Total liabilities assumed	1,368,012
Net assets acquired	$12,741,280

The amounts in the preceding table are preliminary based on the following:

- The Company is awaiting the final valuation report on its intangible assets and property, plant and equipment.
- The Company is performing further analysis of the realizability of the acquired deferred tax assets.
- Included in the preliminary purchase price are estimated accruals for service providers for which the Company has not received final invoices.

For purposes of the preliminary allocation, the Parent has estimated a fair value adjustment for LiveDeal's property, plant and equipment based on a review of LiveDeal's historical costs and management's intended future use. The fair value of the assets will be depreciated over estimated useful lives of two years.

The Company has estimated the fair value of LiveDeal's identifiable intangible assets as $2,130,000, allocated as follows:

	Estimated Fair Value	**Average Remaining Useful Life**
Asset class:		
Marketing-based intangible assets	$1,500,000	20 years
Technology-based intangible assets	630,000	5 years
	$2,130,000	

Marketing-based intangible assets include trademarks, trade names and internet domain names, whereas technology-based intangible assets include computer software, technology, databases, and trade secrets.

(b) Represents adjustments to current assets and liabilities to reflect actual amounts of current asset and liabilities acquired as of the date of the acquisition.

(c) Represents adjustment to reflect the fair value of property, plant and equipment based on independent valuations. Such equipment consists primarily of computer software and hardware and has an average estimated useful life of two years.

(d) Represents adjustment to reflect the fair value of identifiable intangible assets based on independent valuations, consisting of marketing-based intangible assets of $1,500,000 and technology-based intangibles of $630,000 with estimated useful lives of 20 years and 5 years, respectively.

(e) Represents residual goodwill created from the acquisition.

(f) Represents adjustment to reflect fair value of deferred tax assets consisting of net operating losses from LiveDeal. Such assets were estimated based on federal limitations on the use of such losses and internal estimates of realizability.

(g) Represents adjustment to record payroll tax liability associated with debt related to employee loans that was forgiven as of the date of the acquisition.

(h) Represents the elimination of note payable to shareholder that was repaid as part of purchase price. The note payable to shareholder of $1,021,667 was satisfied through the issuance of 146,371 shares of Parent's common stock (1,463,706 shares prior to the 1-for-10 reverse stock split previously described). Interest on the note payable to shareholder was previously recorded at a fixed rate of 5 percent per annum.

(i) Represents elimination of LiveDeal's historical net book equity, as equity is restated to reflect the purchase price of the acquisition.