

Answers CORP
Form 10-Q
August 04, 2008
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UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-32255

ANSWERS CORPORATION

(Exact name of Registrant as specified in its charter)

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Delaware

(State or Other Jurisdiction of Incorporation or Organization)

98-0202855

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

237 West 35th Street, Suite 1101, New York, New York
(Address of principal executive offices)

10001
(Zip Code)

(646) 502-4777

(Registrant's telephone number)

(Former Name, Former Address and Former Fiscal Year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant 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

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

The number of the registrant's shares of common stock outstanding was 7,859,890 as of July 30, 2008.

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INTRODUCTORY NOTE

This Report on Form 10-Q for Answers Corporation (Answers or the Company) may contain forward-looking statements. You can identify these statements by forward-looking words such as may, will, expect, intend, anticipate, believe, estimate and continue and similar words. Forward-looking statements include information concerning possible or assumed future business success or financial results. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. We believe that it is important to communicate future expectations to investors. The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties, which are discussed in Item 1A, Risk Factors and in other sections of this Form 10-Q and in our other filings with the Securities and Exchange Commission. These risks and uncertainties could cause actual results or events to differ materially from the forward-looking statements that we make.

Although, there may be events in the future that we are not able to accurately predict or control, we do not undertake any obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. Accordingly, to the extent that this Form 10-Q contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that Answers actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements.

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Answers Corporation and Subsidiary

Consolidated Balance Sheets (unaudited, in thousands except share and per share data)

	June 30 2008 \$	December 31 2007 \$
Assets		
Current assets:		
Cash and cash equivalents	10,187	6,778
Investment securities		700
Accounts receivable	1,199	1,448
Prepaid expenses and other current assets	946	487
Total current assets	12,332	9,413
Long-term deposits (restricted)	285	196
Deposits in respect of employee severance obligations	1,524	1,232
Property and equipment, net of \$1,748 and \$1,615 accumulated depreciation as of June 30, 2008 and December 31, 2007, respectively	1,224	1,012
Other assets:		
Intangible assets, net of \$639 and \$2,352 accumulated amortization as of June 30, 2008 and December 31, 2007, respectively	1,124	4,766
Goodwill	437	437
Prepaid expenses, long-term, and other assets	189	275
Deferred charges (Lexico acquisition and public offering)		1,267
Total other assets	1,750	6,745
Total assets	17,115	18,598
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	461	968
Accrued expenses	795	1,045
Accrued compensation	812	551
Warrant to purchase units of Series B preferred stock and warrants	3,511	
Capital lease obligation - current portion	76	
Deferred revenues	4	16
Total current liabilities	5,659	2,580
Long-term liabilities:		
Liability in respect of employee severance obligations	1,647	1,233

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Capital lease obligation, net of current portion	152	
Deferred tax liability	20	14
Total long-term liabilities	1,819	1,247

Commitments and contingencies

Series A convertible preferred stock: \$0.01 par value; stated value and liquidation preference of \$100 per share; 6% cumulative annual dividend; 60,000 shares authorized, 60,000 and 0 shares issued and outstanding as of June 30, 2008 and December 31, 2007, respectively

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Stockholders equity:

Preferred stock: \$0.01 par value; 940,000 shares authorized, none issued