

Answers CORP
Form 10-Q
November 09, 2007

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: SEPTEMBER 30, 2007

**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)

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)

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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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer Accelerated filer Non-accelerated filer

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 7,854,890 as of November 8, 2007.

ANSWERS CORPORATION

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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.

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Answers Corporation and Subsidiary

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

	September 30 2007 \$	December 31 2006 \$
Assets		
Current assets:		
Cash and cash equivalents	5,293	4,976
Investment securities	2,223	4,102
Accounts receivable	1,035	1,304
Prepaid expenses and other current assets	539	416
Total current assets	9,090	10,798
Long-term deposits (restricted)	497	218
Deposits in respect of employee severance obligations	1,052	856
Property and equipment, net of \$1,834 and \$1,425 accumulated depreciation as of September 30, 2007 and December 31, 2006, respectively	1,096	998
Other assets:		
Intangible assets, net of \$1,965 and \$1,051 accumulated amortization as of September 30, 2007 and December 31, 2006, respectively	5,069	6,010
Goodwill	437	437
Prepaid expenses, long-term, and other assets	245	362
Deferred charges	882	
Total other assets	6,633	6,809
Total assets	18,368	19,679
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	392	366
Accrued expenses	1,250	805
Accrued compensation	610	623
Deferred revenues, short-term	22	465
Total current liabilities	2,274	2,259
Long-term liabilities:		
Liability in respect of employee severance obligations	1,147	828

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Deferred tax liability	11	
Total long-term liabilities	1,158	828
Commitments and contingencies		
Stockholders equity:		
Preferred stock: \$0.01 par value; 1,000,000 shares authorized, none issued		
Common stock; \$0.001 par value; 30,000,000 shares authorized; 7,854,053 and 7,809,394 shares issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	8	8
Additional paid-in capital	73,441	71,599
Accumulated other comprehensive loss	(28)	(31)
Accumulated deficit	(58,485)	(54,984)
Total stockholders equity	14,936	16,592
Total liabilities and stockholders equity	18,368	19,679

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations (unaudited, in thousands except share and per share data)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Revenues:	\$	\$	\$	\$