Ideation Acquisition Corp.
Form 10-Q
October 22, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2009

OR

o **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 001-33800

Ideation Acquisition Corp.

(Exact name of registrant as specified in its charter)

Delaware	77-0688094
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1105 N. Market Street, Suite 1300 Wilmington, DE 19801	19801
(Address of principal executive offices)	(Zip code)

(310) 694-8150

(Registrant s telephone number, including area code)

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company. See definition of larger accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ	Smaller reporting company o

(Do not check if a 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 þ No o

At October 19, 2009, 12,500,000 shares of the registrant s common stock were issued and outstanding.

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PART 1 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IDEATION ACQUISITION CORP.
(a corporation in the development stage)
Condensed Consolidated Balance Sheets

	September 30, 2009 (unaudited)	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 42,230	$ 308,874
Interest receivable		1,208
Income taxes receivable		124,191
Franchise taxes receivable	121,000	121,000
Other current assets	15,601	41,699
Total current assets	178,831	596,972
Investments held in Trust Account Restricted		
U. S. Treasury Securities, at amortized cost	75,034,125	54,993,327
U.S. Treasury Mutual Funds, at fair value	3,780,875	23,821,673
Deferred tax asset	452,821	440,759
Total assets	$ 79,446,652	$ 79,852,731
Liabilities and Stockholders Equity		
Current liabilities:		
Accrued expenses	$ 2,235,164	$ 507,626
Income taxes payable	2,142	
Total current liabilities	2,237,306	507,626
Long-term liability deferred underwriters fee	2,730,000	2,730,000
Common stock subject to possible redemption (2,999,999 shares at September 30, 2009 and December 31, 2008, respectively, at redemption value of $7.88 per share)	23,639,992	23,639,992
Commitments and contingencies		
Stockholders Equity:		
Preferred Stock, $0.0001 par value, 1,000,000 shares authorized; none issued		
Common Stock, $0.0001 par value, 50,000,000 shares authorized, 12,500,000 shares issued and outstanding including 2,999,999 shares subject to possible redemption, at September 30, 2009 and December 31, 2008, respectively	1,250	1,250
Additional paid-in capital	52,595,237	52,595,237
Retained earnings (deficit accumulated during the development stage)	(1,757,133)	378,626

Total stockholders equity		50,839,354		52,975,113
Total liabilities and stockholders equity	$	79,446,652	$	79,852,731

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)
Condensed Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Period June 1, 2007 (Inception) to September 30, 2009
Revenue	$	$	$	$	$
Formation and operating costs	829,786	360,216	2,211,646	646,295	3,594,333
Loss from operations	(829,786)	(360,216)	(2,211,646)	(646,295)	(3,594,333)
Interest income	18,882	396,052	49,089	1,520,512	2,005,453
(Loss) income before (benefit) provision for income taxes	(810,904)	35,836	(2,162,557)	874,217	(1,588,880)
Provision (benefit) for income taxes					
Current	878	41,983	(14,736)	511,171	621,074
Deferred	(65,251)	(92,689)	(12,062)	(227,913)	(452,821)
Total provision (benefit) for income taxes	(64,373)	(50,706)	(26,798)	283,258	168,253
Net income (loss)	$ (746,531)	$ 86,542	$ (2,135,759)	$ 590,959	$ (1,757,133)
Maximum number of share subject to possible redemption:					
Weighted average number of shares, basic and diluted	2,999,999	2,999,999	2,999,999	2,999,999	2,393,616
Earnings (loss) per share amount, basic and diluted	$ (0)	$ 0	$ (0)	$ 0	$ (0)
Weighted average number of common share outstanding (not subject to possible redemption):					
Basic	9,500,001	9,500,001	9,500,001	9,500,001	8,039,274

Diluted		9,500,001		11,745,777		9,500,001		11,623,259		8,039,274
Earnings (loss) per share amount:										
Basic	$	(0.08)	$	0.01	$	(0.22)	$	0.06	$	(0.22)
Diluted	$	(0.08)	$	0.01	$	(0.22)	$	0.05	$	(0.22)

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)
Condensed Consolidated Statements of Stockholders Equity
For the Period June 1, 2007 (Inception) to September 30, 2009

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit Accumulated During the Development Stage)	Total Stockholders Equity
Common shares issued to founders on June 1, 2007 at $.01 per share	2,500,000	$ 250	$ 24,750	$	$ 25,000
Sale of 2,400,000 warrants at $1 per warrant to initial stockholders			2,400,000		2,400,000
Sale of 10,000,000 units through public offering, net of underwriter s discount and offering expenses, at $8 per unit (including 2,999,999 shares subject to possible redemption)	10,000,000	1,000	73,810,479		73,811,479
Proceeds subject to possible redemption, 2,999,999 shares			(23,639,992)		(23,639,992)
Net income for the period				144,120	144,120
Balances at December 31, 2007	12,500,000	$ 1,250	$ 52,595,237	$ 144,120	$ 52,740,607
Net income for the period				234,506	234,506
Balances at December 31, 2008	12,500,000	$ 1,250	$ 52,595,237	$ 378,626	$ 52,975,113
Net loss for the period (unaudited)				(2,135,759)	(2,135,759)
Balances at September 30, 2009 (unaudited)	12,500,000	$ 1,250	$ 52,595,237	$ (1,757,133)	$ 50,839,354

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	For the Period June 1, 2007 (Inception) to September 30, 2009
Cash flows from operating activities:			
Net income (loss)	$ (2,135,759)	$ 590,959	$ (1,757,133)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Deferred income tax (benefit)	(12,062)	(227,913)	(452,821)
Changes in operating assets and liabilities:			
Interest receivable	1,208	177,530	
Income taxes receivable	124,191	(61,410)	
Franchise taxes receivable		(156,000)	(121,000)
Other current assets	26,098	(18,902)	(15,601)
Accrued expenses	1,727,538	197,862	2,235,164
Income taxes payable	2,142	(74,244)	2,142
Franchise taxes payable		(68,666)	
Net cash provided by (used in) operating activities	(266,644)	359,216	(109,249)
Cash used in investing activities:			
Investments in Trust Account Restricted			(78,815,000)
Cash flows from financing activities:			
Proceeds from notes payable to stockholders			200,000
Proceeds from common shares issued to founders			25,000
Proceeds from public offering			80,000,000
Proceeds from issuance of insider warrants			2,400,000
Repayment of notes payable to stockholders			(200,000)
Payment of underwriters discount and offering costs			(3,458,521)
Net cash provided by financing			78,966,479
Net (decrease) increase in cash and cash equivalents	(266,644)	359,216	42,230
Cash and cash equivalents, beginning of period	308,874	124,139	
Cash and cash equivalents, end of period	$ 42,230	$ 483,355	$ 42,230
Supplemental disclosure of cash flow information:			
Cash paid for income and franchise taxes	$ 92,433	$ 900,839	$ 1,094,770

Cash refund received for income taxes	$	(141,069)	$		$	(176,069)
Supplemental schedule of non-cash financing activities:						
Deferred offering costs	$		$		$	2,730,000

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

Note 1 Organization and Nature of Business Operations

Ideation Acquisition Corp. (a corporation in the development stage) (the Company) was incorporated in Delaware on June 1, 2007. The Company was formed to acquire through a merger, stock exchange, asset acquisition or similar business combination with an unidentified business or businesses. The Company is considered to be in the development stage as defined in FASB Accounting Standards Codification Topic No. 915, Development Stage Enterprises, (ASC 915) and is subject to the risks associated with activities of development stage companies. All activity from the period June 1, 2007 (Inception) through September 30, 2009 relates to the Company s formation, capital raising, and its initial public offering as described below. On March 25, 2009, the Company incorporated a wholly owned subsidiary, ID Arizona Corp. (ID Arizona) for the purpose of accomplishing the merger described herein (Note 10).

The registration statement for the Company s initial public offering (Offering) was declared effective on November 19, 2007. The Company consummated the Offering on November 26, 2007. The Company s management has broad discretion with respect to the specific application of the net proceeds of the Offering of Units although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with (or acquisition of) a Target Business (Business Combination). As used herein, Target Business shall mean one or more businesses that at the time of the Company s initial Business Combination has a fair market value of at least 80% of the Company s net assets (all of the Company s assets, including the funds then held in the Trust Account (as defined below), less the Company s liabilities (excluding deferred underwriting discounts and commissions of approximately $2.73 million). Furthermore, there is no assurance that the Company will be able to successfully affect a Business Combination.

Upon closing of the Offering, $78,815,000 was placed in a trust account maintained at Continental Stock Transfer & Trust Co. (the Trust Account) and invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended (Investment Company Act), having a maturity of 180 days or less, or in money market funds selected by the Company meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act, until the earlier of (i) the consummation of the Company s first Business Combination or (ii) the liquidation of the Company. The amounts placed in the Trust Account consists of the proceeds of our IPO (see Note 3) and the issuance of Insider Warrants (see Note 4) and $2.73 million of the gross proceeds representing deferred underwriting discounts and commissions that will be released to the underwriters on completion of a Business Combination. The remaining proceeds outside of the Trust Account, along with the interest income of up to $1.7 million earned on the Trust Account that may be released to the Company, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company will seek stockholder approval before it will affect any Business Combination, even if the Business Combination would not ordinarily require stockholder approval under applicable state law. In connection with the stockholder vote required to approve any Business Combination, all of the Company s stockholders before the initial public offering (Initial Stockholders) have agreed to vote the shares of common stock owned by them immediately before the Company s IPO in accordance with the majority of the shares of common stock voted by the Public Stockholders. Public Stockholders is defined as the holders of common stock sold as part of the Units in the Offering or in the aftermarket. The Company will proceed with a Business Combination only if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders owning less than 30% of the shares sold in the Public Offering vote against the Business Combination and exercise their conversion rights. If a majority of the shares of common stock voted by the Public Stockholders are not voted in favor of a proposed initial Business Combination, but 24 months has not yet passed since closing of the Offering, the Company may combine with another Target Business meeting the fair market value criterion described above.

Public Stockholders voting for or against a Business Combination will be entitled to convert their stock into a pro rata share of the total amount on deposit in the Trust Account, before payment of underwriting discounts and commissions and including any interest earned on their portion of the Trust Account net of income taxes payable thereon, and net of any interest income of up to $1.7 million on the balance of the Trust Account previously released to the Company, if a Business Combination is approved and completed.

The Company s Certificate of Incorporation was amended prior to the closing of the Offering to provide that the Company will continue in existence only until 24 months from the effective date. If the Company has not completed a Business Combination by such date, its corporate existence will cease except for the purposes of winding up its affairs and it will liquidate. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering (assuming no value is attributed to the Warrants contained in the Units to be offered in the Offering discussed in Note 3).

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IDEATION ACQUISITION CORP.
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(unaudited)

The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents. The Trust Account assets are invested in United States government debt securities defined as any Treasury Bill or equivalent securities or money market funds meeting the conditions specified in Rule 2a-7 under the Investment Company of 1940. As of September 30, 2009, the Trust Account assets include $75,035,000 face value US Treasury T-Bills purchased on September 10, 2009 and maturing on October 8, 2009 (CUSIP 912795P62). The balance of the Trust Account assets are held in JP Morgan 100% US Treasury Money Market Fund. As of September 30, 2009, the Company has earned approximately $2,005,000 of interest income on the trust from inception including approximately $19,000 earned during the quarter. As of October 22, 2009 all of the Trust Account assets are held in JP Morgan 100% US Treasury Money Market Fund.

The accompanying unaudited condensed consolidated interim financial statements of the Company as of September 30, 2009 and December 31, 2008 and for the three month periods ended September 30, 2009 and 2008, for the nine month periods ended September 30, 2009 and 2008 and for the period from inception (June 1, 2007) to September 30, 2009, reflect all adjustments of a normal and recurring nature to present fairly the financial position, results of operations and cash flows for the interim period. These unaudited condensed consolidated interim financial statements have been prepared by the Company pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. Pursuant to such instructions, certain financial information and footnote disclosures normally included in such financial statements have been condensed or omitted.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto, together with management s discussion and analysis or plan of operations, contained in the Company s annual report on Form 10-K for the year ended December 31, 2008. The results of operations for the three and nine months ended September 30, 2009 are not necessarily indicative of the results that may occur for the year ending December 31, 2009.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The condensed consolidated financial statements for the three and nine months ended September 30, 2009 reflect the operations of Ideation Acquisition Corporation and its wholly owned subsidiary, ID Arizona Corp., incorporated on March 25, 2009. Prior period financial statements reflect the operations solely of the Company. These financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company maintains deposits in federally insured financial institutions within federal insurance limits. Management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and investments that have a maturity at date of purchase of three months or less.

Earnings (loss) per Common Share

The Company complies with FASB Accounting Standards Codification Topic No. 260, Earnings Per Share, (ASC 260) which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic net income per share is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if warrants were to be exercised or converted or otherwise resulted in the issuance of common stock that then shared in the earnings of the entity.

The Company s condensed consolidated statements of operations includes a presentation of earnings per share for common stock subject to possible redemption in a manner similar to the two-class method of earnings per share. Basic and diluted net income per share amount for the maximum number of shares subject to possible redemption is calculated by dividing the net interest attributable to common shares subject to possible redemption by the weighted average number of shares subject to possible redemption. Basic and diluted net income per share amount for the shares outstanding not subject to possible redemption is calculated by dividing the net income exclusive of the net interest income attributable to common shares subject to redemption by the weighted average number of shares not subject to possible redemption. The weighted average number of incremental common shares representing the potential dilution attributable to the outstanding warrants to purchase common stock on an as if converted basis are 2,849,481 for the three months ended September 30, 2009, 2,657,741 for the nine months ended September 30, 2009, 2,245,776 for the three months ended September 30, 2008, 2,123,258 for the nine months ended September 30, 2008 and 2,308,903 for the period June 1, 2007 (Inception) to September 30, 2009.

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IDEATION ACQUISITION CORP.
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(unaudited)

For the three and nine months ended September 30, 2009 and for the period June 1, 2007 (Inception) to September 30, 2009, the basic shares were used due to the anti-dilutive effect of the additional shares mentioned above. The Company has paid $0 in dividends for the period June 1, 2007 (Inception) to September 30, 2009.

Redeemable common stock

The Company accounts for redeemable common stock in accordance with FASB Accounting Standards Codification Topic No. 480 Distinguishing Between Liabilities and Equity (ASC 480). Securities that are redeemable for cash or other assets are classified outside of permanent equity if they are redeemable at the option of the holder. In addition, if the redemption causes a redemption event, the redeemable securities should not be classified outside of permanent equity. As discussed in Note 1, the Business Combination will only be consummated if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders holding less than 30% (2,999,999) of common shares sold in the Offering both vote against the Business Combination and exercise their conversion rights. As further discussed in Note 1, if a Business Combination is not consummated within 24 months, the Company will liquidate. Accordingly, 2,999,999 shares have been classified outside of permanent equity at redemption value. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable common stock to equal its redemption value at the end of each reporting period.

Newly Issued and Adopted Accounting Pronouncements

In June 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-01, *Topic 105 Generally Accepted Accounting Principles amendments based on Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles.* This ASU reflected the issuance of FASB Statement No. 168. This Accounting Standards Update amends the FASB Accounting Standards Codification for the issuance of FASB Statement No. 168, *The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles.* This Accounting Standards Update includes Statement 168 in its entirety, including the accounting standards update instructions contained in Appendix B of the Statement. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Codification is effective for us in the third quarter of 2009, and accordingly, our Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

In June 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-02, *Omnibus Update Amendments to Various Topics for Technical Corrections.* This omnibus ASU detailed amendments to various topics for technical corrections. The adoption of ASU 2009-02 will not have a material impact on our condensed consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-03, *SEC Update Amendments to Various Topics Containing SEC Staff Accounting Bulletins.* This ASU updated cross-references to Codification text. The adoption of ASU 2009-03 will not have a material impact on our condensed consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-04, *Accounting for Redeemable Equity Instruments Amendment to Section 480-10-S99.* This ASU represents an update to Section 480-10-S99, *Distinguishing Liabilities from Equity*, per Emerging Issues Task Force Topic D-98, Classification and Measurement of Redeemable Securities. The adoption of ASU 2009-04 will not have a material impact on our condensed consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value.* This Accounting Standards Update amends

Subtopic 820-10, Fair Value Measurements and Disclosures > Overall, to provide guidance on the fair value measurement of liabilities. The adoption of ASU 2009-05 is not expected to have a material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-06, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities.* This Accounting Standards Update provides additional implementation guidance on accounting for uncertainty in income taxes and eliminates the disclosures required by paragraph 740-10-50-15(a) through (b) for nonpublic entities. The adoption of ASU 2009-06 will not have material impact on our condensed consolidated financial statements.

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In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-07, *Technical Corrections to SEC Paragraphs*. This Accounting Standards Update corrected SEC paragraphs in response to comment letters. The adoption of ASU 2009-07 will not have material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-08, *Earnings Per Share Amendments to Section 260-10-S99*. This Codification Update represents technical corrections to Topic 260-10-S99, Earnings per Share, based on EITF Topic D-53, Computation of Earnings Per Share for a Period that Includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock and EITF Topic D-42, The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock. The adoption of ASU 2009-08 will not have material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-09, *Accounting for Investments-Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees*. This Accounting Standards Update represents a correction to Section 323-10-S99-4, Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee. Section 323-10-S99-4 was originally entered into the Codification incorrectly. The adoption of ASU 2009-09 will not have material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-10, *Financial Services-Brokers and Dealers: Investments-Other, Amendment to Subtopic 940-325*. This Accounting Standards Update codifies the Observer comment in paragraph 17 of EITF 02-3, Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management. The adoption of ASU 2009-10 will not have material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-11, *Extractive Activities-Oil and Gas, Amendment to Section 932-10-S99*. This Accounting Standards Update represents a technical correction to the SEC Observer comment in EITF 90-22, Accounting for Gas-Balancing Arrangements. The adoption of ASU 2009-11 will not have material impact on our condensed consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820), Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* . This Accounting Standards Update amends Subtopic 820-10, Fair Value Measurements and Disclosures > Overall, to provide guidance on the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The adoption of ASU 2009-12 will not have material impact on our condensed consolidated financial statements.

Fair value of financial instruments

The carrying amounts of the Company s assets and liabilities, which qualify as financial instruments under the FASB Accounting Standards Codification Section No. 825, Financial Instruments, (820-10-50)approximates their fair value represented in the accompanying condensed consolidated balance sheets.

Subsequent Events

These condensed consolidated interim financial statements were approved by management and were issued on October 22, 2009. Subsequent events have been evaluated through this date.

On October 5, 2009, the Company commenced its mailing of the definitive proxy statements to Ideation stockholders and will hold the special meeting of stockholders on October 27, 2009 to vote upon the business combination and the matters associated therewith.

Note 3 Initial Public Offering

In its initial public offering, effective November 19, 2007 (consummated November 26, 2007), the Company sold 10,000,000 units (Units) at a price of $8.00 per unit. Proceeds from the initial public offering totaled $73,811,479, which was net of $3,458,521 in underwriting and other expenses and $2,730,000 of deferred underwriting fees. Each Unit consists of one share of the Company s common stock, $0.0001 par value, and one Redeemable Common Stock

Purchase Warrant (Warrant). Each Warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of $6.00 commencing on the later of the completion of a Business Combination with a Target Business and November 19, 2008 and expiring November 19, 2011, unless earlier redeemed. The Warrants will be redeemable at a price of $0.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least $11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is sent. In accordance with the warrant agreement, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised and unredeemed.

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(a corporation in the development stage)
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(unaudited)

Proceeds held in the Trust Account will not be available for the Company s use for any purpose, except to pay any income taxes and up to $1.7 million can be taken from the interest earned on the Trust Account to fund the Company s working capital. These proceeds will be used to pay for business, legal, and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. As of September 30, 2009, the Company includes approximately $10,000 of these proceeds in their cash balance as they plan on withdrawing the cash as needed for operations. From June 1, 2007 (inception) to September 30, 2009, the Company has transferred approximately $2.0 million from the Trust Account, of which approximately $1.1 million has been used to fund the Company s working capital requirements, and $0.9 million has been for the payment of taxes.

Note 4 Related Party Transactions

In June 2007, the Company issued 2,500,000 shares (Initial Shares) of common stock to the Initial Stockholders for $0.01 per share for a total of $25,000. The Initial Stockholders also purchased 250,000 units for $2,000,000 in the IPO.

The Company issued unsecured promissory notes totaling $200,000 to its Initial Stockholders on June 12, 2007. The notes were non-interest bearing and were repaid from the proceeds of the Offering by the Company.

The Company paid approximately $13,000 from June 1, 2007 (inception) to March 31, 2008 for office space and general and administrative services, leased from Clarity Partners, L.P. Barry A. Porter, one of our special advisors, is a co-founder and Managing General Partner of Clarity Partners, L.P., and the grantor trust of Mr. Porter, Nautilus Trust dated September 10, 1999, is one of our initial stockholders. Services commenced on November 19, 2007 and will terminate upon the earlier of (i) the consummation of a Business Combination or (ii) the liquidation of the Company. The Company terminated its agreement with Clarity Partners, L.P. effective March 31, 2008.

On March 20, 2008, the audit committee of Ideation Acquisition Corp. approved a new sub-leasing and administrative and support services agreement. Effective April 1, 2008, the Company has moved its principal offices to 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. It subleases the space and pays approximately $7,500 per month for office space and related services to Spirit EMX LLC. Robert N. Fried, our Chief Executive Officer and one of our initial shareholders, is the founder and Chief Executive Officer of Spirit EMX LLC. The Company incurred approximately $129,000 from April 1, 2008 to September 30, 2009 for office space and administrative services and paid approximately $87,000 to Sprint EMX LLC. In January 2009, the Company moved its principal offices to 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, while maintaining an office at 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. The Company has incurred approximately $3,000 from January 1, 2009 to September 30, 2009 for office space and administration services and paid approximately $3,000 to Wilmington Trust SP Services.

The Initial Stockholders purchased warrants (Insider Warrants) exercisable for 2,400,000 shares of common stock at a purchase price of $1.00 per warrant concurrently with the closing of the Offering at a price of $1.00 per Insider Warrant directly from the Company and not as part of the Offering. All of the proceeds from this private placement have been placed in a Trust Account until a business combination has been consummated. The Insider Warrants are identical to the Warrants included in the Units sold in the Offering except that if the Company calls the Warrants for redemption, the Insider Warrants may be exercisable on a cashless basis so long as such securities are held by the Initial Stockholders or their affiliates. Additionally, our Initial Stockholders have agreed that the Insider Warrants will not be sold or transferred by them until after the Company has completed a Business Combination. The Company believes based on a review of the trading prices of the public warrants of other blank check companies similar to the Company, that the purchase price of $1.00 per Insider Warrant is not less than the approximate fair value of such warrants on the date of issuance. Therefore, the Company has not recorded stock-based compensation expense upon the sale of the Insider Warrants.

The holders of the Initial Shares, as well as the holders of the Insider Warrants (and underlying securities), will be entitled to registration rights pursuant to an agreement signed on November 19, 2007. The holders of a majority of these securities will be entitled to make up to two demands that we register such securities. The holders of a majority of the Initial Shares will be able to make a demand for registration of the resale of their Initial Shares at any time commencing nine months after the consummation of a business combination. The holders of a majority of the Insider Warrants (or underlying securities) will be able to elect to exercise these registration rights with respect to the Insider Warrants (or underlying securities) at any time after the