CYTATION CORP
Form 10QSB/A
December 19, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/A

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended September 30, 2005

Commission file Number 00114800

CYTATION CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware

16-0961436

(State or Other Jurisdiction of Incorporation)

(I.R.S. Employer Identification Number)

251 Thames Street, No. 8, Bristol, RI 02809
(Address of Principal Executive Offices) (Zip Code)

(401) 254-8800
(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 [X] NO [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Common Stock, $.001 Par Value - 500,000 shares as of November 11, 2005.

FORWARD-LOOKING INFORMATION

THIS FORM 10-QSB/A AND OTHER STATEMENTS ISSUED OR MADE FROM TIME TO TIME BY CYTATION CORPORATION OR ITS REPRESENTATIVES CONTAIN STATEMENTS WHICH MAY CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FIFTEEN U.S.C.A. SECTIONS 77Z-2 AND 78U-5 (SUPP. 1996). THOSE STATEMENTS INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF OR CURRENT EXPECTATIONS OF CYTATION CORPORATION AND MEMBERS OF ITS MANAGEMENT TEAM AS WELL AS THE ASSUMPTIONS ON WHICH SUCH STATEMENTS ARE BASED. PROSPECTIVE INVESTORS ARE CAUTIONED THAT ANY SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, AND THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR REVISE FORWARD-LOOKING STATEMENTS TO REFLECT CHANGED ASSUMPTIONS, THE OCCURRENCE OF UNANTICIPATED EVENTS OR CHANGES TO FUTURE OPERATING RESULTS OVER TIME.

LETTER OF INTENT TO MERGE

In November 2005, the Company entered into a letter of intent with a third party to effect a "reverse" merger. The Company will be the surviving corporation, but the business, ownership and management of the Company will change. In connection with the proposed merger, the Company will authorize additional shares of common stock and preferred stock expected to be issued in the transaction, declare a 2-For-1 stock dividend, and issue to the third party's stockholders newly issued shares of stock. The third party paid the Company $10,000 upon completion of due diligence and agreed to assume and to pay approximately $120,000 of the Company's liabilities at the closing of the transaction. After the transaction, stockholders of the third party will own approximately 94% of the total issued and outstanding securities of the Company.

IN CONJUNCTION WITH THE MERGER, THE COMPANY WILL TERMINATE ITS STATUS AS A "BUSINESS DEVELOPMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT OF 1940 AND CHANGE ITS NAME AND TRADING SYMBOL. IT IS EXPECTED THAT THE COMMON STOCK OF THE COMPANY WILL CONTINUE TO TRADE ON THE OVER THE COUNTER BULLETIN BOARD.

EVEN THOUGH THE COMPANY WILL BE THE SURVIVING CORPORATION IN THE MERGER, THE COMPANY WILL BE ENGAGED IN A COMPLETELY DIFFERENT BUSINESS WITH NEW MANAGEMENT AND DIRECTORS. UPON THE CLOSING OF THE MERGER, THE CURRENT OFFICERS AND DIRECTORS OF THE COMPANY WILL RESIGN. CURRENT STOCKHOLDERS OF THE COMPANY INITIALLY WILL OWN APPROXIMATELY 6% OF THE OVERALL EQUITY OF THE MERGED BUSINESS, WHICH OWNERSHIP IS LIKELY THE OVERALL EQUITY OF THE MERGED BUSINESS, WHICH OWNERSHIP IS LIKELY TO BE FURTHER DILUTED UPON EXERCISE OF STOCK PURCHASE WARRANTS EXPECTED TO BE ISSUED IN CONNECTION WITH THE MERGER AND IN THE EVENT THAT COMPANY, AFTER THE MERGER, ISSUES ADDITIONAL EQUITY TO RAISE CAPITAL FOR ACQUISITIONS OR FOR OTHER PURPOSES.

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements.

Cytation Corporation

CONTENTS

UNAUDITED FINANCIAL STATEMENTS

Cytation Corporation

Balance Sheets

ASSETS

	September 30, 2005 (Unaudited)	December 31, 2004
CURRENT ASSETS:		
Cash	$ 6,000	$ 65,644
Notes receivable, stockholders	-	10,113
Notes receivable, others	-	5,000
Prepaid expenses and other current assets	-	8,706
Total Current Assets	6,000	89,463
PROPERTY AND EQUIPMENT, Net	-	4,496
OTHER ASSETS:		
Security deposit	1,800	1,800
Investment in privately-held companies	-	59,718
	1,800	61,518
TOTAL ASSETS	$ 7,800	$ 155,477
	============	============

LIABILITIES AND STOCKHOLDERS' DEFICIT

	September 30, 2005 (Unaudited)	December 31, 2004
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 53,916	$ 92,306
Note payable and accrued interest	129,382	120,228
Total Current Liabilities	183,298	212,534
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' DEFICIT:		
Common stock, $0.001 par value, 2,000,000 shares authorized, 714,497 and 654,248 shares issued and outstanding, respectively	715	654
Additional paid-in capital	32,649,371	32,608,233
Accumulated deficit	(32,825,584)	(32,665,944)
TOTAL STOCKHOLDERS' DEFICIT	(175,498)	(57,057)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 7,800	$ 155,477
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See notes to financial statements.

Cytation Corporation Statements of Operations For The Three Months Ended September 30, 2005 and 2004 (Unaudited)

	2005	2004
CONSULTING REVENUE	$ 49,114	$ 198,468
COST OF REVENUE	181	3,079
GROSS PROFIT	48,933	195,389
OPERATING EXPENSES:		
Depreciation	-	1,598
Selling, general and administrative	88,548	86,779
TOTAL OPERATING EXPENSES	88,548	88,377
OPERATING LOSS	(39,615)	107,012
OTHER INCOME (EXPENSES)		
Gain on sale and distribution of investment	31,902	(126,559)
Interest income (expenses), net	(1,385)	(1,143)
TOTAL OTHER INCOME (EXPENSES)	30,517	(127,702)
LOSS BEFORE INCOME TAXES	(9,098)	(20,690)
INCOME TAXES	-	3,161
NET LOSS	$ (9,098)	$ (23,851)
	==========	=========
Net (Loss) Income Per Share (Basic and Diluted)	$ (0.01)	$ (0.04)
	==========	=========
Weighted Average Common Shares Outstanding	691,997	654,248
	==========	=========

See notes to financial statements.

Cytation Corporation Statements of Operations For The Nine Months Ended September 30, 2005 and 2004 (Unaudited)

	2005	2004
CONSULTING REVENUE	$ 49,114	$ 240,368
COST OF REVENUE	1,738	723,283
GROSS PROFIT	47,376	(482,915)
OPERATING EXPENSES:		
Depreciation	1,037	3,347
Selling, general and administrative	223,952	262,613
TOTAL OPERATING EXPENSES	224,989	265,960
OPERATING LOSS	(177,613)	(748,875)
OTHER INCOME (EXPENSES)		
Gain on sale and distribution of investment	31,902	222,082
Loss on sale of property and equipment	(4,270)	-
Loss on termination of ARE agreement	(5,000)	-
Interest income (expenses), net	(4,659)	(3,913)
TOTAL OTHER INCOME	17,973	218,169
LOSS BEFORE INCOME TAXES	(159,640)	(530,706)
INCOME TAX BENEFITS	-	3,161
NET LOSS	$ (159,640)	$ (527,545)
	==========	===========
Net (Loss) Income Per Share (Basic and Diluted)	$ (0.24)	$ (0.91)
	==========	===========
Weighted Average Common Shares Outstanding	673,608	582,553
	==========	===========

See notes to financial statements.

Cytation Corporation Statements of Cash Flows For The Nine Months Ended September 30, 2005 and 2004 (Unaudited)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (159,640)	$ (533,867)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,036	3,347
Gain on sale and distribution of investment	(31,902)	(222,082)
Stock based compensation	49,601	72,000
Accrued interest on note payable	9,155	4,158
Loss on termination of ARE agreement	5,000	-
Loss on sale of property and equipment	4,270	-
Write-off of note receivable to consulting fee	-	55,171
Non-cash consulting income	(49,114)	(153,468)
Non-cash consulting fee	113,944	719,000
Changes in operating assets and liabilities:		
Prepaid expenses and others	8,706	(1,420)
Accounts payable and accrued expenses	(38,390)	(37,336)
NET CASH USED IN OPERATING ACTIVITIES	(87,334)	(94,497)
CASH FLOWS		

FROM INVESTING ACTIVITIES: Proceeds from sale of marketable securities - 144,086 Proceeds from sale of property and equipment 2 - Purchases of property and equipment (812) (5,127) NET CASH USED IN INVESTING ACTIVITIES (810) 138,959 CASH FLOWS FROM FINANCING ACTIVITIES: Collections (issuance) of notes receivable 5,000 (5,000) Proceeds from issuance of common stock 23,500 25 NET CASH PROVIDED BY FINANCING ACTIVITIES 28,500 (4,975) NET DECREASE (INCREASE) IN CASH (59,644) 39,487 CASH, Beginning 65,644 2,236 CASH, Ending $ 6,000 $ 41,723 ========== =========== SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the periods for: Interest $ 828 $ - ========== =========== Taxes $ - $ - ========== =========== Non-cash investing and financing activities: Distribution of investment to shareholders as dividend $ - $ 643,008 ========== ===========

See notes to financial statements.

Notes to Financial Statements

1. Basis of Presentation

The accompanying unaudited financial statements of Cytation Corporation (the "Company") have been prepared in accordance with generally accounting principles for interim financial information and with the instructions to prepare them for inclusion as part of the Form 10QSB/A. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The financial statements for the periods ended September 30, 2005 and 2004 are unaudited and include all adjustments which in the opinion of management, are necessary in order to make the financial statements not misleading. All such adjustments are of a normal recurring nature. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for a full year. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10KSB filed with the Securities and Exchange Commission for the period ended December 31, 2004.

2. The Company

Until June 20, 2001, the Company provided an extensive range of in-school and online services directed at high school students and their parents, high school counselors, college admissions officers and corporations which target with the teen marketplace. On June 20, 2001, the Company sold all of its assets associated with these activities to TMP Worldwide Inc. for approximately $7.2 million in cash and debt assumed.

During the period commencing with the fourth quarter of 2002 and ending in December 2004, the Company engaged in the business of providing consulting and related services to private companies that wish to become reporting companies under the Securities Exchange Act of 1934. In the first quarter of 2005, the Company discontinued all business operations except finding an appropriate private entity with which it could engage in a reverse merger or similar transaction. The Company has signed a letter of intent to engage in a reverse merger transaction with a third party. *See* "Subsequent Events".

3. Equity Transactions

There were no equity transactions for the quarter ending September 30, 2005.

On February 14, 2005, the Company authorized the issuance for no consideration of 1,666 shares to Bost & Co., an unaffiliated third party, in settlement of a prior investment. Also on February 14, 2005, the Company authorized the issuance for nominal consideration of 15,000 restricted shares of its common stock to Richard Parke in consideration of his agreement to serve as a director of the Company**.** The Company recorded an expense of $20,333 in connection with the issuance of these shares. On March 4, 2005, the Company agreed to issue 23,500 of its common shares to an unaffiliated third party for $23,500 in cash and a warrant to purchase 20,000 shares of the common stock of Solomon Technologies, Inc ("Solomon Warrant"). All of these shares were issued on June 30, 2005 when the market price of the Company's common stock was $1.22 per share. On September 1, 2005, the Solomon Warrant was issued and $2,634 was recorded as a reduction of paid-in capital based on the Black-Scholes option valuation model.

4. Investment/Termination of Consulting Agreement

In the first quarter of 2004, the Company received 500,000 restricted shares of common stock and warrants of an unrelated entity, American Radio Empire, Inc. ("ARE"), as compensation for the consulting services provided and to be provided. The investment was valued at $5,000, which management believes is approximately the fair value of the shares at this time, and this amount was recorded as consulting revenue on the accompanying financial statements. During the first quarter of 2005, the Company returned the 500,000 restricted shares of ARE common stock and entered into a mutual release agreement with ARE pursuant to which each party released all claims against the other.

5.

Termination of Letter of Intent

During the first quarter of 2005, the Company reviewed business opportunities resulting from its status as a Business Development Company under the Investment Company Act of 1940 and evaluated other courses of action. On April 8, 2005, the Company entered into a letter of intent with Evolve Oncology, Inc. ("Evolve") to effect a reverse merger with Evolve. The Company terminated this letter of intent on August 4, 2004.

The Company has now entered into a letter of intent to engage in a reverse merger transaction with a third party *See* "Subsequent Events".

6. Other Events

In contemplation of the Evolve transaction, and as compensation for prior services to its two officers, the independent directors of the Board of the Company cancelled $10,111 of debt, distributed approximately $17,000 of the common stock of Hydrogen Technology Applications, Inc. ("HTA") and sold assets to them with an approximate book value of $4,600 for a nominal price. The Company also distributed to unaffiliated third parties approximately $37,500 of the common stock of HTA for prior services. At the time of the distribution of the HTA common stock, HTA was conducting minimal business operations while seeking additional capital. Therefore, the carrying cost ($0.25 per share) of the HTA common stock was used to measure the compensation. As a result, the Company recorded non-cash compensation of $54,718 in connection with these distributions of HTA common stock.

In addition, in consideration of the agreement by the Company's two officers to continue to perform services for the Company without cash compensation under the closing of a reverse merger and to fund on an interim basis working capital deficits, the independent directors of the Board approved the transfers to these two officers of all of the common stock of Sequence Advisors Corporation, a wholly-owned subsidiary corporation without assets or business, and 222,246 warrants to purchase common stock of Solomon Technologies, Inc. Based on Black-Scholes option valuation model, the Solomon Warrants were valued at $0.1317 per share and recorded as compensation expense in the amount of $29,268.

On September 1, 2005, the Company entered into a settlement agreement with HTA whereby HTA issued to the Company an additional 196,456 shares of its common stock and an additional 49,114 warrants. The HTA common stock was valued at $0.25 per share, and accordingly the Company recorded noncash income in the amount of $49,114.

Based on the Black-Scholes option valuation model, the HTA warrants have zero value with volatility of 0.01%. Therefore, the Company recorded no noncash income with respect to these warrants.

On September 1, 2005 the Company distributed 196,456 shares of HTA common stock and 197,582 HTA warrants to its two officers. The Company recorded compensation expense on the distribution of the HTA shares in the amount of $49,114 and, based the zero value of the HTA warrants under the Black-Scholes valuation model, no compensation expense for the HTA warrants was recorded.

7. Subsequent Events

In November 2005, the Company entered into a letter of intent with a third party to effect a "reverse" merger. The Company will be the surviving corporation, but the business, ownership and management of the Company will change. In connection with the proposed merger, the Company will authorize additional shares of common stock and preferred stock expected to be issued in the transaction, declare a 2-or-1stock dividend, and issue to the third party's stockholders newly issued shares of its preferred stock. The third party paid the Company $10,000 upon completion of due diligence and agreed to assume and to pay approximately $120,000 of the Company's liabilities at the closing of the transaction. After the transaction, stockholders of the third party will own approximately 94% of the total issued and outstanding securities of the Company.

The Board of Directors of the Company declared a 2-for-1 stock dividend for stockholders of record on November 14, 2005. The "payment" date for this dividend is November 23, 2005. All shares and per share amounts have been retroactively restated to reflect this stock dividend.

In November 2005, the Company issued 10,000 restricted shares of its common stock for $1.00 a share to an unaffiliated third party and issued 5,000 restricted shares of its common stock to an unaffiliated creditor in reduction of approximately $45,000 of indebtedness.

Item 2. Management's Discussion and Analysis or Plan of Operation.

<u>Results of Operations</u>

As a result of the Company's decision to discontinue all business operations and to seek to enter into a reverse merger or comparable transaction, the Company no longer is engaged in any business in which it was engaged during its last three fiscal years. Accordingly, management does not believe that it is informative or useful to compare the results of operations of its former principal business with the results of operations during the third quarter and first nine months of 2005, when its decided to terminate its business and engage in a reverse merger transaction.

<u>Liquidity and Capital Resources</u>

As of September 30, 2005, we had negative working capital of $177,298 compared to negative working capital of $115,186 as of September 30, 2004.

We have minimal fixed expenses and minimal operating costs. We expect to be able to operate until the closing of a reverse merger or similar transaction. Our officers serve as consultants to us and are not paid. We occupy our office space on a month-to-month basis. We have no employment or consulting agreements or commitments for office space or services.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this report for the quarter ended September 30, 2005, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our President along with our Chairman and General Counsel. Based upon that evaluation, our President along with our Chairman and General Counsel concluded that our disclosure controls and procedures are effective as at the end of the period covered by this report. There have been no significant changes in our internal controls or in other factors, which could significantly affect internal controls subsequent to the date we carried our evaluation.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our President and Chairman and General Counsel, as appropriate, to allow timely decisions regarding required disclosure.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Change in Securities.

On February 14, 2005, the Company authorized the issuance of 15,000 shares to Richard Parke in consideration of his agreement to join the Company's board of directors. The purchase price of these shares was $15.00. On February 14, 2005, the Company authorized the issuance for no consideration of 1,666 shares to Bost & Co., an unaffiliated third party, in consideration of a prior investment. On March 4, 2005, the Company agreed to issue 23,500 of its common shares to an unaffiliated third party for $23,500. All of these shares were issued in the quarter ending June 30, 2005.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

Certification under Sarbanes-Oxley Act

. Our president and our chairman of the board and chief financial officer have furnished to the SEC the certification with respect to this Report that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits:

The following exhibits are filed as part of or incorporated by reference into this Report:

Exhibit

Description

3.1

Amended and Restated Certificate of Incorporation of the Company(2)

3.2

Articles of Merger between the Company and Cytation Corporation, dated February 11, 1999(1)

3.3

Articles of Merger between CollegeLink.com Incorporated and ECI, Inc., dated August 10, 1999(2)

3.4

Certificate of Merger of CollegeLink.com Incorporated and ECI, Inc., dated August 10, 1999(2)

3.5

Certificate of Ownership and Merger between the Company and CollegeLink.com Incorporated, dated November 15, 1999(2)

3.6

By-Laws of the Company(2)

4.1

Please see Exhibits 3.1 and 3.6 for provisions of the Amended and Restated Certificate of Incorporation and By-Laws of the Company defining the rights of holders of the common stock of the Company

10.1

Consulting agreement dated March 18, 2004 by and between Business Solutions of the Future Inc. and the Company

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(1) Incorporated by reference from the Company's Form 8-K, Current Report, filed March 18, 1999, and later amended on April 2, 1999.
(2) Filed as Exhibit to the Company's Registration Statement No. 333-85079 on Form SB-2 and incorporated herein by reference.

b. Reports on Form 8-K

Form 8K, Other Events, filed on April 11, 2005.

Form 8K, Other Events, filed on August 1, 2005.

Form 8K, Other Events, filed on August 4, 2005

Form 8K, Other Events, filed on November 8, 2005

SIGNATURE

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.

CYTATION CORPORATION

By: */s/Richard A. Fisher*
Name: Richard A. Fisher
Title: Chairman of the Board and Chief Financial Officer
Date: December 19, 2005