Ad.Venture Partners, Inc.
Form 10-Q
August 17, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007

or

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

Commission file number: 000-51456

AD.VENTURE PARTNERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-2650200**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o Cooley Godward Kronish LLP **The Grace Building** **1114 Avenue of the Americas** **New York, New York**	**10036**
(Address of principal executive offices)	(Zip Code)

(212) 682-5357
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 Exchange Act during the past 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 o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes x No o

As of August 13, 2007, 11,249,997 shares of the registrant’s common stock, par value $0.001 per share, were outstanding.

AD.VENTURE PARTNERS, INC.

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements	
Balance Sheets	1
Statements of Operations	2
Statement of Cash Flows	3
Notes to Consolidated Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosures about Market Risk	13
Item 4. Controls and Procedures	13

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	14
Item 1A. Risk Factors	14
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults Upon Senior Securities	22
Item 4. Submission of Matters to a Vote of Security Holders	22
Item 5. Other Information	22
Item 6. Exhibits	22
SIGNATURES	23

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AD.VENTURE PARTNERS, INC.
(a corporation in the development stage)

BALANCE SHEETS

	June 30, 2007 (Unaudited)	March 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 100,546	$ 15,163
Prepaid expenses	5,000	5,000
Taxes receivable	229,553	248,537
Total current assets	335,099	268,700
Investments held in Trust Account	52,666,307	52,338,250
Fixed assets, net of accumulated depreciation	2,792	3,046
Total assets	$ 53,004,198	$ 52,609,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accrued expenses	$ 858,641	$ 932,865
Taxes payable	72,308	0
Derivative liabilities	10,821,602	7,934,799
Notes payable to Stockholders	900,000	200,000
Total current liabilities	12,652,551	9,067,664
Common stock, and changes in Trust Account value attributable to shares subject to possible redemption, 1,799,100 shares	10,625,561	10,539,882
STOCKHOLDERS' EQUITY		
Preferred stock — $0.0001 par value; 1,000,000 shares authorized; 0 shares issued and outstanding	0	0
Common stock — $0.0001 par value; 50,000,000 shares authorized; 11,249,997 shares issued and outstanding (which includes 1,799,100 shares subject to possible redemption)	1,125	1,125
Additional paid-in capital	32,343,046	32,343,046
Retained earnings (deficit) accumulated during development stage	(2,618,085)	658,279
Total stockholders' equity	29,726,086	33,002,450
Total liabilities and stockholders' equity	$ 53,004,198	$ 52,609,996

AD.VENTURE PARTNERS, INC.
(a corporation in the development stage)

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	April 7, 2005 (Date of Inception) Through June 30, 2007
Operating costs	$ (597,910)	$ (101,567)	$ (2,234,646)
Loss from operations	(597,910)	(101,567)	(2,234,646)
Income (loss) from derivative liabilities	(2,886,803)	4,776,433	(2,091,130)
Other income—interest	428,611	392,541	2,770,218
Income (loss) before provision for income taxes	(3,056,102)	5,067,407	(1,555,558)
Provision for income taxes	134,583	(64,000)	511,926
Net income (loss)	$ (3,190,685)	$ 5,003,407	$ (2,067,484)
Weighted average number of shares outstanding—basic	11,249,997	11,249,997	—
Net income (loss) per share—basic	$ (0.28)	$ 0.44	—
Weighted average number of shares outstanding—diluted	11,249,997	12,935,798	—
Net income (loss) per share—diluted	$ (0.28)	$ 0.04	—
Pro Forma Adjustment:			
Interest income attributable to common stock subject to possible redemption (net of taxes $0)	$ (85,679)	$ (104,927)	$ (550,601)
Pro forma net income (loss) attributable to common stockholders not subject to possible redemption	$ (3,276,364)	$ 4,898,480	$ (2,618,085)
Pro forma weighted average number of shares outstanding, excluding shares subject to possible redemption—basic	9,450,897	9,450,897	—
Pro forma net income (loss) per share, excluding shares subject to possible redemption—basic	$ (0.35)	$ 0.52	—
Pro forma weighted average number of shares outstanding, excluding shares subject to possible redemption—diluted	9,450,897	11,136,698	—
Pro forma net income (loss) per share, excluding shares subject to possible redemption—diluted	$ (0.35)	$ 0.04	—

AD.VENTURE PARTNERS, INC.
(a corporation in the development stage)

STATEMENT OF CASH FLOWS

(UNAUDITED)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	April 7, 2005 (Date of Inception) Through June 30, 2007
Cash flows from operating activities:			
Net income (loss)	$ (3,190,685)	$ 5,003,407	$ (2,067,484)
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Loss (gain) from derivative liabilities	2,886,803	(4,776,433)	2,091,130
Depreciation	254	254	2,285
Changes in operating assets and liabilities:			
Prepaid expenses	—	19,615	(5,000)
Taxes receivable	18,984	—	(229,553)
Accrued expenses	(74,224)	(33,042)	858,641
Taxes payable	72,308	(52,000)	72,308
Net cash provided by (used in) operating activities	(286,560)	161,801	722,327
Cash flows from investing activities:			
Cash held in Trust Account	(328,057)	(388,641)	(52,666,307)
Purchases of property and equipment	—	—	(5,077)
Net cash used in investing activities	(328,057)	(388,641)	(52,671,384)
Cash flows from financing activities:			
Issuance of stock	—	—	51,148,503
Proceeds from sale of common stock to founders	—	—	1,000
Proceeds from issuance of representative’s option	—	—	100
Proceeds from notes payable to stockholder	700,000	—	1,050,000
Repayment of notes payable to stockholders	—	—	(150,000)
Net cash provided by financing activities	700,000	—	52,049,603
Net increase in cash and cash equivalents	85,383	(226,840)	100,546
Cash and cash equivalents, beginning of period	15,163	579,029	—
Cash and cash equivalents, end of period	$ 100,546	$ 352,189	$ 100,546
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 99,775	$ 116,000	$ 702,555

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A—Organization And Business Operations

Ad.Venture Partners, Inc. (the "Company") was incorporated in Delaware on April 7, 2005. The Company was formed to serve as a vehicle for the acquisition through a merger, capital stock exchange, asset acquisition or other similar business combination (the "Business Combination") of one or more operating business in the technology, media or telecommunications industries. The Company has not generated revenue. The Company is considered to be in the development stage and is subject to the risks associated with activities of development stage companies. The Company has selected March 31 as its fiscal year end.

The financial information in this report has not been audited, but in the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly such information have been included. Operating results for the interim period are not necessarily indicative of the results to be expected for the full year.

The registration statement for the Company's initial public offering (the "Offering") (as described in Note C) was declared effective on August 25, 2005. The Company consummated the Offering on August 31, 2005 and received net proceeds of approximately $51.2 million. Of the net proceeds, $50,380,000 was placed in a trust account ("Trust Account") and invested in mutual funds and municipal money market funds until the earlier of (i) the consummation of the first Business Combination or (ii) the distribution of the Trust Account as described below. The proceeds of the offering not held in the trust account have been used by the Company to pay offering expenses and operating expenses, including expenses incurred in connection with its pursuit of the proposed Arrangement with 180 Connect Inc. (as described in Note G) and other potential business combinations. Except for amounts released to pay taxes on interest earned on the trust account, the funds in the Trust Account will not be released until the earlier of the completion of the arrangement or the Company's dissolution and liquidation.

In the event that the Company does not consummate the Arrangement by August 31, 2007, the Company will be required to commence proceedings to dissolve, liquidate and distribute the proceeds held in the Trust Account to its public stockholders, excluding the Initial Stockholders to the extent of their initial stock holdings. In the event of such distribution, 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 in the Offering discussed in Note C).

Note B—Summary Of Significant Accounting Policies

[1] Cash and cash equivalents:

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

[2] Investments held in Trust Account:

At June 30, 2007, the investments held in the Trust Account consisted of tax-exempt municipal money market funds, and are treated as trading securities and recorded at their market value. The excess of market over cost is included in interest income in the accompanying statement of operations.

[3] Accounting for Warrants and Derivative Instruments

Emerging Issues Task Force issue EITF 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock,” (“EITF No. 00-19”) requires freestanding contracts that are settled in a company's own stock to be designated as an equity instrument, asset or a liability. In accordance with EITF No. 00-19, the Company determined that the warrants issued in connection with the Offering (the “public warrants”) and the unit purchase option issued to the underwriters in connection with the Offering (further described in Note C below) should be classified as a derivative liability.

The classification of the warrants as a derivative liability is required under EITF No. 00-19 due to the absence in the warrant agreement of provisions addressing the exercise of the warrants in the absence of an effective registration statement. Under interpretations of applicable federal securities laws, the issuance of shares upon exercise of the warrants in the absence of an effective registration statement could be deemed a violation of Section 5 of the Securities Act of 1933, as amended (the "Securities Act"). To address this issue, the warrant agreement requires that the Company file, and use best efforts to cause to be declared and keep effective, a registration statement covering the issuance of the shares underlying the warrants. However, the warrant agreement fails to specify the remedies, if any, that would be available to warrantholders in the event there is no effective registration statement covering the issuance of shares underlying the warrants. Under EITF No. 00-19, the registration of the common stock underlying the warrants is not within the Company's control. In addition, under EITF No. 00-19, in the absence of explicit provisions to the contrary in the warrant agreement, the Company must assume that it could be required to settle the warrants on a net-cash basis, thereby necessitating the treatment of the potential settlement obligation as a liability.

Similarly, the classification of the unit purchase option as a derivative liability is required under EITF No. 00-19 due to the absence in the unit purchase option of provisions addressing the exercise of the unit purchase option in the absence of an effective registration statement. Under interpretations of applicable federal securities laws, the issuance of units upon exercise of the unit purchase option in the absence of an effective registration statement could be deemed a violation of Section 5 of the Securities Act. The reclassification of the unit purchase option as a derivative liability is required under EITF No. 00-19 because the registration of the units underlying the unit purchase option is not within the Company's control.

Under the provisions of EITF No. 00-19, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. The fair value of these warrants and the unit purchase option are shown on the Company's balance sheet and the changes in the values of these derivatives are shown in the Company's consolidated statement of operations as "Gain (loss) from derivative liabilities." The Company determined the initial valuation of the warrants based upon the difference between the per-unit offering price of the units in the Offering and the discounted per-share amount placed into the Trust Account. The Company determined the valuation of the warrants at September 30, 2005 based upon the difference between the market price of the units and the discounted per-share amount placed into the Trust Account. Thereafter, since the warrants are quoted on the Over-the-Counter Bulletin Board, the fair value of the warrants was determined based on the market price of the warrants at the end of each period. To the extent that the market price increases or decreases, the Company's derivative liability will also increase or decrease, impacting the Company's consolidated statement of operations. As of June 30, 2007, the closing sale price for the warrants was $0.53, resulting in a total warrant liability of $9,540,000.

The Company determined the fair value of the unit purchase option at June 30, 2007 using a Black Scholes pricing model adjusted to include a separate valuation of the embedded warrants. The following assumptions were used for the Black Scholes pricing model: an expected life of 3.16 years, volatility of 63% and a risk-free rate of 4.89%. Valuations derived from this model are subject to ongoing internal and external verification and review. Selection of these inputs involves management's judgment and may impact net income (loss). The Company continues to base its volatility assumption on the five-year average historical stock prices of the same representative sample of 20 technology, media and telecommunications companies as used in its initial valuation. The volatility factor used in Black Scholes model has a significant effect on the resulting valuation of the derivative liabilities on the Company's balance sheet. For the embedded warrants, the Company based the valuation on the closing sale price for the public warrants as of June 30, 2007 adjusted by the percentage difference between the valuations obtained using a Black Scholes pricing model (with the same assumptions) for the public warrants and the embedded warrants.

[4] **Earnings per common share:**

Basic earnings per share is computed by dividing net income or loss attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period, increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued, by application of the treasury stock method. During the three months ended June 30, 2007, the dilutive potential common shares were not included in the computation of diluted loss per share, because the inclusion of convertible warrants would be anti-dilutive or because the exercise prices were greater than the average market prices of the common shares.

[5] Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[6] Income taxes:

Deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company recorded a deferred income tax asset for the tax effect of start-up costs and temporary differences, aggregating approximately $662,000. In recognition of the uncertainty regarding the ultimate amount of income tax benefits to be derived, the Company has recorded a full valuation allowance at June 30, 2007.

The effective tax rate differs from the statutory rate of 34% due to the increase in the valuation allowance.

The Company has taxes receivable amounting to $229,553 which represent overpayment of income taxes.

[7] Recently Issued Accounting Pronouncements:

In July 2006, FASB issued interpretation No. 48, "*Accounting for Uncertainty In Income Taxes*" ("FIN 48"), which addresses the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken on the Company's tax return. FIN 48 also provides guidance on classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for interim periods of fiscal years beginning after December 15, 2006. The adoption of this interpretation did not have a material impact on the Company's financial position or results of operations.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "*Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements"* ("SAB 108"). SAB 108 requires registrants to use both a balance sheet approach and an income statement approach when evaluating and quantifying the materiality of a misstatement. SAB 108 provides guidance on correcting errors under the dual approach as well as providing transition guidance for correcting errors. The Company adopted the provisions of SAB 108 as of March 31, 2007. The adoption of SAB 108 did not have an effect on the Company's financial position or results of operations.

In September 2006, FASB issued SFAS No. 157, *Fair Value Measurement* (SFAS 157"). SFAS 157 defines "fair value", establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the effect of SFAS 157 and has not yet determined the impact of SFAS 157 on the Company's financial position or results of operations.

In September 2006, FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*—an amendment of FASB Statements No. 87, 88, 106, and 132(R)," ("SFAS 158"), which requires employers to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of the fiscal year ending after December 15, 2006, for entities with publicly traded equity securities. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Since the Company does not currently have a defined benefit postretirement plan, the adoption of the SFAS 158 will not have any impact on its financial position and results of operations.

In February 2007, FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*-including an amendment of FASB Statement 115",("SFAS 159"). This statement provides companies with an option to report selected financial assets and liabilities at fair value. This statement is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is currently assessing the effect of SFAS 159 and has not yet determined the impact of SFAS 159 on the Company's results of operations or financial position.

Note C—Public Offering

On August 31, 2005, the Company consummated an initial public offering of 9,000,000 units ("Units"). Each Unit consists of one share of the Company's common stock, $.0001 par value, and two warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of $5.00. Each warrant is exercisable on the later of (a) the completion of a Business Combination or (b) August 25, 2006 and expires on August 25, 2010. The Warrants are 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 $8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given.

In connection with the Offering, the Company paid the underwriters an underwriting discount of 4% of the gross proceeds of the Offering. In addition, the Company agreed to pay the underwriters additional underwriting fees and expenses of $1,620,000 upon the consummation of the initial business combination. The Company expects that such additional fees and expenses will be paid out of the proceeds in the trust account. Of such additional fees and expenses $1,080,000 constitute additional underwriting fees and $540,000 constitutes an additional non-accountable expense allowance.

The Company also sold to the representative of the underwriters for a purchase price of $100 an option to purchase up to a total of 450,000 units at a price of $7.50 per unit (the "unit purchase option"). The units issuable upon the exercise of the unit purchase option are identical to those offered in the prospectus, except that the exercise price of the warrants underlying the unit purchase option is $6.65. The unit purchase option is exercisable commencing on the later of the consummation of a business combination and one year from the date of the prospectus and expiring five years from the date of the prospectus and may be exercised on a cashless basis. The unit purchase option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period following the date of the prospectus. However, the unit purchase option may be transferred to any underwriter and selected dealer participating in the offering and their bona fide officers or partners.

The holders of the unit purchase option have demand and piggy-back registration rights under the Securities Act for periods of five and seven years, respectively, from the date of the prospectus with respect to registration of the securities directly and indirectly issuable upon exercise of the unit purchase option. The exercise price and number of units issuable upon exercise of the unit purchase option may be adjusted in certain circumstances, including in the event of a stock dividend, recapitalization, reorganization, merger or consolidation. However, the unit purchase option will not be adjusted for issuances at a price below its exercise price.

As part of the Offering, the Company and the managing underwriters agreed that, within the first 45 calendar days after separate trading of the warrants commenced, the managing underwriters or certain of their principals, affiliates or designees would place bids for and, if their bids were accepted, spend up to $400,000 to purchase warrants in the public marketplace at prices not to exceed $0.70 per warrant. The managing underwriters agreed that any warrants purchased by them or their affiliates or designees would not be sold or transferred until completion of a Business Combination by the Company. Additionally, the chief executive officer and the president agreed with the representative of the underwriters, that within the first 45 calendar days after separate trading of the warrants commenced, they or certain of their affiliates or designees would collectively place bids for, and if their bids were accepted, spend up to $1,600,000 to purchase warrants in the public marketplace at prices not to exceed $0.70 per warrant. The chief executive officer and president further agreed that any warrants purchased by them or their affiliates or designees will not be sold or transferred until the completion of a Business Combination. The units separated on October 10, 2005 and, within the time specified, management purchased 3,794,403 warrants at an average price of $0.4216, and the underwriter purchased 948,000 warrants at an average price of $0.4216.

Note D—Notes Payable to Stockholders

The Company issued an aggregate of $150,000 in promissory notes to Messrs. Balter and Slasky in April 2005. The notes bear interest at a rate of 4% per year. The notes were paid upon consummation of the Offering from the net proceeds of the Offering.

On January 29, 2007, the Company entered into notes with Messrs. Balter and Slasky pursuant to which Messrs. Balter and Slasky may loan such amounts as are necessary to fund the obligations incurred by the Company in connection with its business. The loans bear no interest and are payable on demand or upon consummation of a business combination. The Company has agreed to reimburse Messrs. Balter and Slasky for any tax liabilities they may incur as a result of any imputed interest income related to the notes. As of August 10, 2007, Messrs. Balter and Slasky had loaned an aggregate of $900,000 to the Company.

Note E—Related Party Transaction

Following the consummation of its initial public offering, the Company cancelled its office agreement with Innovation Interactive, LLC, a company where certain of the Initial Stockholders served in executive capacities, under which the Company agreed to pay an administrative fee of $7,500 per month for office space and general and administrative services. Following cancellation of that arrangement, the Company relocated its offices under an informal agreement with an unrelated third party whereby the Company agreed to pay a base rent of $2,058 per month, on a month-to-month basis, in exchange for office space and certain administrative services (see Note H).

Note F—Common Stock Reserved for Issuance

At June 30, 2007, 18,900,000 shares of stock were reserved for issuance upon exercise of redeemable warrants.

Note G—Proposed Business Combination

The Company is proposing to engage in a Business Combination with 180 Connect Inc., a corporation organized under the laws of Canada (“180 Connect”), pursuant to which the Company will indirectly acquire all of 180 Connect’s outstanding shares and 180 Connect will thereby become the Company’s indirect subsidiary. The combination will be carried out pursuant to an arrangement under a plan of arrangement pursuant to the Canada Business Corporations Act as set forth in the arrangement agreement dated March 13, 2007, as amended by amendment no. 1 thereto dated as of July 2, 2007 and further amended by amendment no. 2 thereto effective as of August 6, 2007 (the “Arrangement Agreement”), among the Company, 180 Connect and 6732097 Canada Inc., a corporation incorporated under the laws of Canada and the Company’s indirect wholly-owned subsidiary (“Purchaser”), whereby Purchaser will acquire all the outstanding 180 Connect common shares in exchange for either shares of the Company’s common stock, exchangeable shares of Purchaser or a combination of shares of the Company’s common stock and exchangeable shares of Purchaser (the “Arrangement”). The exchangeable shares will entitle the holders to dividends and other rights that are substantially economically equivalent to those of holders of the Company’s common stock and holders of exchangeable shares will also have the right, through the voting and exchange trust agreement, to vote at meetings of the Company’s stockholders. In addition, as part of the arrangement, all outstanding options to purchase 180 Connect common shares will be exchanged for options to purchase the Company’s common stock. The Company’s will also assume all of 180 Connect’s obligations pursuant to 180 Connect’s outstanding warrants, stock appreciation rights and convertible debentures. If the arrangement is completed, 180 Connect will be the Company’s indirect subsidiary and the Company will change its name to 180 Connect Inc.

The Company’s Registration Statement on Form S-4 registering the shares of the Company’s common stock issuable upon exchange of the exchangeable shares was declared effective by the Securities and Exchange Commission on August 9, 2007, and the proxy statement/prospectus relating to the Arrangement and certain other matters was mailed

to the Company's securityholders on August 10, 2007. At a special meeting in lieu of annual meeting of the Company's stockholders, scheduled for August 24, 2007, the Company's stockholders will vote on whether to adopt the Arrangement Agreement and approve the Arrangement with 180 Connect. In the event that holders of 20% or more of the shares issued in the Offering vote against the Arrangement, the Arrangement will not be consummated. However, the persons who were stockholders prior to the Offering (the "Initial Stockholders") will participate in any liquidation distribution only with respect to any shares of the common stock acquired in connection with or following the Offering.

The proposed Arrangement will be accounted for under the reverse acquisition application of the equity recapitalization method of accounting in accordance with U.S. GAAP for accounting and financial reporting purposes. Under this method of accounting, the Company will be treated as the "acquired" company for financial reporting purposes. In accordance with guidance applicable to these circumstances, the transaction will be considered to be a capital transaction in substance. Accordingly, for accounting purposes, the transaction will be treated as the equivalent of 180 Connect issuing stock for the net monetary assets of the Company, accompanied by a recapitalization. The net monetary assets of the Company will be stated at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The accumulated deficit of 180 Connect will be carried forward after the Arrangement. Operations to be reported on for periods prior to the merger will be those of 180 Connect. Upon the completion of the proposed Arrangement, the Company expects to change its fiscal year end to December 31 in order to conform to 180 Connect's fiscal year end.

Note H—Subsequent Events

On July 31, 2007, the Company cancelled its informal agreement for rental of office space and certain administrative services.

As described in Note G, the arrangement agreement with 180 Connect, dated March 13, 2007, was amended by amendment no. 1 thereto on July 2, 2007 and further amended by amendment no. 2 thereto effective August 6, 2007.

On August 7, 2007, the 180 Connect shareholders and optionholders voted to approve the arrangement of 180 Connect.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expec "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors t might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission filings. The following discussion should be read in conjunction with our financial statements and related notes thereto included elsewhere in this report.

We were formed on April 7, 2005, for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more operating businesses in the technology, media or telecommunications industries. Our initial business combination must be with a target business or businesses whose fair market value is at least equal to 80% of net assets at the time of such acquisition. We intend to utilize cash derived from the proceeds of our recently completed public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination.

Since our initial public offering, we have been actively engaged in sourcing a suitable business combination candidate. We met with target companies, service professionals and other intermediaries to discuss our company, the background of our management and our combination preferences. In the course of these discussions, we have also spent time explaining the capital structure of the initial public offering, the combination approval process and the timeline under which we are operating before the proceeds of the offering are returned to investors.

We are proposing to engage in a business combination with 180 Connect Inc., a corporation organized under the laws of Canada ("180 Connect"), pursuant to which we will indirectly acquire all of 180 Connect's outstanding shares and 180 Connect will thereby become our indirect subsidiary. The combination will be carried out pursuant to an arrangement under a plan of arrangement pursuant to the Canada Business Corporations Act as set forth in the arrangement agreement dated March 13, 2007, as amended by amendment no. 1 thereto dated as of July 2, 2007 and further amended by amendment no. 2 thereto effective as of August 6, 2007, among us, 180 Connect and 6732097 Canada Inc., a corporation incorporated under the laws of Canada and our indirect wholly-owned subsidiary ("Purchaser"), whereby Purchaser will acquire all the outstanding 180 Connect common shares in exchange for either shares of our common stock, exchangeable shares of Purchaser or a combination of shares of our common stock and exchangeable shares of Purchaser. The exchangeable shares will entitle the holders to dividends and other rights that are substantially economically equivalent to those of holders of our common stock and holders of exchangeable shares will also have the right, through the voting and exchange trust agreement, to vote at meetings of our stockholders. In addition, as part of the arrangement, all outstanding options to purchase 180 Connect common shares will be exchanged for options to purchase our common stock. We will also assume all of 180 Connect's obligations pursuant to 180 Connect's outstanding warrants, stock appreciation rights and convertible debentures. If the arrangement is completed, 180 Connect will be our indirect subsidiary and we will change our name to 180 Connect Inc.

RESULTS OF OPERATIONS

Net Income (Loss)

For the three months ended June 30, 2007, we had a net loss of approximately $3,191,000 derived primarily from a loss on derivative liabilities of $2,886,803 resulting from an increase in the fair market value of our warrants

outstanding, as compared to net income of approximately $5.0 million derived from interest income of approximately $393,000 and a gain on derivative liabilities of approximately $4.8 million for the same period in the previous year.

For the period from April 7, 2005 (inception) through June 30, 2007, we had net loss of approximately $2,067,000, derived from the loss on derivative liabilities resulting from an increase in the fair market value of our warrants outstanding, net of interest income less operating expenses and taxes, as compared to income of $748,853 for the period from April 7, 2005 (inception) through June 30, 2006.

LIQUIDITY AND CAPITAL RESOURCES

On August 31, 2005, we consummated our initial public offering of 9,000,000 units. Each unit consists of one share of common stock and two warrants. Each warrant entitles the holder to purchase from us one share of our common stock at an exercise price of $5.00. Our common stock and warrants started trading separately as of October 10, 2005. The net proceeds from the sale of our units, after deducting certain offering expenses of approximately $650,000, and an underwriting discount of approximately $2,160,000, were approximately $51,190,000. Of this amount, $50,380,000 was placed into a trust account and the remaining proceeds are available to be used by us to provide for business, legal and accounting due diligence on prospective acquisitions and to pay for continuing general and administrative expenses. In December 2006 and April 2007, we withdrew $58,500 and $75,000, respectively, from the trust account for the payment of income taxes on the interest income of the trust account.

Since our initial public offering we have expended all of the funds held outside of our trust account. In addition to amounts spent on legal and accounting due diligence on prospective acquisitions, we have spent significant amounts on legal and accounting fees related to our SEC reporting obligations as well as on continuing general and administrative expenses. We expect to incur significant additional expenses in connection with the arrangement. On January 29, 2007, we entered into notes with each of Messrs. Balter and Slasky pursuant to which Messrs. Balter and Slasky may loan such amounts as are necessary to fund our operating expenses and expenses in connection with the arrangement. The loans bear no interest and are payable upon demand or upon the consummation of a business combination. We have agreed to reimburse Messrs. Balter and Slasky for any tax liabilities they may incur as a result of any imputed interest income related to the notes. We currently believe Messrs. Balter and Slasky will continue to loans funds to us to cover our expenses. However, in the event that Messrs. Balter and Slasky are unable or unwilling to continue to loan funds to us, we may not be able to consummate the arrangement, in which case we would be required to dissolve and liquidate.

If we dissolve and liquidate prior to the consummation of a business combination, Messrs. Balter and Slasky, pursuant to the certain written agreement executed in connection with our initial public offering, will be personally liable to ensure that the proceeds in the trust account are not reduced by the claims of various vendors that are owed money by us for services rendered or products sold to us and target businesses who have entered into written agreements, such as a letter of intent or confidentiality agreement, with us and who have not waived all of their rights to make claims against the proceeds in the trust account. We currently believe a significant portion of the accounts payable and accrued offering costs and acquisition costs reflected on our balance sheet would be considered vendor claims for purposes of the indemnification provided by our officers. We expect that the indemnification provided by our officers would cover these costs and expenses and the costs and expenses of the dissolution and liquidation to the extent these costs and expenses relate to vendor claims. We cannot assure you that Messrs. Balter and Slasky will be able to satisfy those indemnification obligations. As a result, the indemnification described above may not effectively mitigate the risk of creditors' claims reducing the amounts in the trust account. In addition, the trust account could be subject to claims of third parties and our stockholders who have received distributions from us may be held liable for claims by third parties to the extent such claims are not been paid by us. Furthermore, our warrants will expire worthless if we liquidate before the completion of a business combination.

Off-Balance Sheet Arrangements

Other than contractual obligation incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets or any

obligation arising out of a material variable interest in an unconsolidated entity.

Contractual Obligations

We had no long-term liabilities as of June 30, 2007.

12

In connection with our initial public offering, we agreed to pay the underwriters additional underwriting fees and expenses of $1.6 million upon the consummation of our initial business combination. We expect that such fees and expenses will be paid out of the proceeds in the trust account upon consummation of the arrangement. Of such fees and expenses, $1.1 million constitute additional underwriting fees and $0.5 million constitutes an additional non-accountable expense allowance.

On January 29, 2007, we entered into notes with each of Messrs. Balter and Slasky pursuant to which Messrs. Balter and Slasky may loan such amounts as are necessary to fund the obligations incurred by us in connection with our business. As of August 10, 2007, Messrs. Balter and Slasky have loaned us an aggregate of $900,000. The loans are payable on demand or upon consummation of a business combination, and we will reimburse Messrs. Balter and Slasky for any tax liabilities they may incur as a result of any imputed interest income related to the notes.

On March 13, 2007, we entered into the arrangement agreement with 180 Connect, which was subsequently amended by amendment no. 1 thereto dated July 2, 2007 and amendment no. 2 thereto effective August 6, 2007, pursuant to which we intend to issue approximately 20.1 million shares of our common stock and/or exchangeable shares to the shareholders of 180 Connect. We have also agreed to exchange all outstanding options to purchase 180 Connect common shares for options to purchase our common stock and to assume all outstanding stock appreciation rights of 180 Connect and outstanding warrants to purchase common shares of 180 Connect in connection with the arrangement.

Following the consummation of our initial public offering, we cancelled the office service agreement with Innovation Interactive, LLC, which was an affiliate of Howard S. Balter, our chairman of the board and chief executive officer, Ilan M. Slasky, our president, secretary and director. Following cancellation of that arrangement, we relocated our office and entered into an informal agreement with an unrelated third party whereby we paid base rent of $2,058 per month, on a month-to-month basis, in exchange for office space and certain administrative services. On July 31, 2007, we cancelled our informal agreement for rental of office space and certain administrative services and do not anticipate making alternate office space arrangements until the arrangement has been consummated.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices and other market-driven rates or prices. We are not presently engaged in any substantive commercial business. Accordingly, we are not and, until we consummate the arrangement, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the trust account have been invested only in money market funds meeting conditions of the Investment Company Act of 1940. Given our limited risk in our exposure to money market funds, we do not view the interest rate risk to be significant.

Item 4. Controls and Procedures.

Our management carried out an evaluation, with the participation of our chief executive officer (principal executive officer) and our president (principal financial and accounting officer), of the effectiveness of our disclosure controls and procedures as of June 30, 2007. Based upon that evaluation, our chief executive officer and president concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. There has not been any change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act that occurred during the quarter ended June 30, 2007, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

13

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings incidental to the normal course of our business. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

Item 1A. Risk Factors.

An investment in our securities involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this quarterly report on Form 10-Q. If any of the following events occur, our business, financial conditions and results of operations may be materially adversely affected.

Risks associated with our business

We are a development stage company with no operating history and, accordingly, you will have no basis upon which to evaluate our ability to achieve our business objective.

We are a development stage company with limited operating results to date. Since we have a limited operating history, you have a limited basis upon which to evaluate our ability to achieve our business objective, which is to acquire one or more operating businesses in the technology, media or telecommunications industries. We will not generate any revenues (other than interest income on the proceeds of our initial public offering) until, at the earliest, after the consummation of a business combination. We cannot assure you as to when or if a business combination will occur.

If the arrangement with 180 Connect is not approved or we are not able to consummate the proposed arrangement within the required time frame, we will be required to dissolve and liquidate, in which case the per-share distribution to our public stockholders will be less than $6.00.

Pursuant to our Amended and Restated Certificate of Incorporation, we must liquidate and dissolve if we do not complete the proposed arrangement by August 31, 2007. If we dissolve and liquidate before we consummate a business combination and distribute the proceeds deposited in our trust account, our public stockholders will receive less than the unit offering price in the initial public offering of $6.00 and our warrants will expire worthless. Because we have expended all of the net proceeds of the initial public offering, other than the proceeds deposited in the trust account, the per-share liquidation price, based on the funds in the trust account as of June 30, 2007, would be $5.85 or $0.15 less than the per unit offering price in our initial public offering of $6.00, assuming that amount was not further reduced by taxes payable in respect of interest earned on such funds and claims of creditors. We cannot assure you that the actual per-share liquidation price will not be less than $5.85 per share. In the event that our board of directors recommends and our stockholders approve our dissolution and the distribution of our assets and it is subsequently determined that our reserves for claims and liabilities to third parties are insufficient, stockholders who receive funds from our trust account could be liable to creditors in an amount up to the amount of the funds received.

If we are forced to liquidate before a business combination, our public stockholders will receive less than $6.00 per share upon distribution of the trust account and our warrants will expire worthless.

If we are unable to complete a business combination and are forced to liquidate our assets, the per-share liquidation will be less than $6.00 because of the expenses related to the initial public offering, our general and administrative expenses and the anticipated costs of seeking a business combination. Furthermore, the warrants will expire worthless

if we liquidate before the completion of a business combination.

If we do not complete the arrangement and are required to dissolve and liquidate, payments from the trust account to our public stockholders may be delayed.

We currently believe that our dissolution and any plan of distribution subsequent to the expiration of the required time frames for the consummation of a business combination would proceed in approximately the following manner:

- our board of directors will, consistent with our obligation in our amended and restated certificate of incorporation to dissolve, prior to the passing of such deadline, convene and adopt a specific plan of distribution, which it will then vote to recommend to our stockholders, and at such time it will also cause to be prepared a preliminary proxy statement/prospectus setting out the plan of distribution as well as our board of directors' recommendation of our dissolution and the plan of distribution;

- upon such deadline, we would file our preliminary proxy statement/prospectus with the SEC;

- if the SEC does not review the preliminary proxy statement/prospectus, then, 10 days following the passing of such deadline, we would mail the proxy statement/prospectus to our stockholders, and 30 days following the passing of such deadline we would convene a meeting of our stockholders, at which they will either approve or reject our dissolution and plan of distribution; and

- if the SEC does review the preliminary proxy statement/prospectus, we currently estimate that we would receive such comments within approximately 30 days following the passing of such deadline. We would mail the proxy statement/prospectus to our stockholders following the conclusion of the comment and review process (the length of which we cannot predict with any certainty, and which may be substantial) and we would convene a meeting of our stockholders at which they will either approve or reject our dissolution and plan of distribution.

In the event we seek stockholder approval for our dissolution and plan of distribution and do not obtain such approval, we would nonetheless continue to pursue stockholder approval for our dissolution. These procedures, or a vote to reject our dissolution and any plan of distribution by our stockholders, may result in substantial delays in the liquidation of our trust account to our public stockholders as part of our dissolution and plan of distribution. Furthermore, creditors may seek to interfere with the distribution of the trust account pursuant to federal or state creditor and bankruptcy laws, which could delay the actual distribution of such funds or reduce the amount ultimately available for distribution to our public stockholders. If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the funds held in our trust account will be subject to applicable bankruptcy law and may be included in our bankruptcy estate and senior to claims of our public stockholders. To the extent bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders the liquidation amounts due to them. Accordingly, the actual per-share amount distributed from the trust account to our public stockholders could be significantly less than approximately $5.85 per share due to taxes payable in respect of interest earned on the funds held in the trust account and claims of creditors. Any claims by creditors could cause additional delays in the distribution of trust funds to the public stockholders beyond the time periods required to comply with DGCL procedures and federal securities laws and regulations.

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

If we are unable to complete the proposed arrangement, we will dissolve and liquidate pursuant to Section 275 of the DGCL. Under Sections 280 through 282 of the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. Pursuant to Section 280, if a corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day

waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. Although we will seek stockholder approval to liquidate the trust account to our public stockholders as part of our plan of dissolution and liquidation, we will seek to conclude this process as soon as possible and as a result do not intend to comply with those procedures. As a result, our stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any liability of our stockholders will likely extend beyond the third anniversary of such dissolution. Accordingly, we cannot assure you that third parties will not seek to recover from our public stockholders amounts owed to them by us.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders in our dissolution could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover all amounts received by our stockholders in our dissolution.

You will not be entitled to protections normally afforded to investors of blank check companies under federal securities laws.

Since we had net tangible assets in excess of $5,000,000 and filed a Current Report on Form 8-K with the SEC upon consummation of the initial public offering, including an audited balance sheet demonstrating this fact, we believe that we are exempt from rules promulgated by the SEC to protect investors of blank check companies such as Rule 419. Accordingly, investors will not be afforded the benefits or protections of those rules.

If third parties bring claims against us, the proceeds held in the trust account could be reduced and the per-share liquidation price received by stockholders will be less than $5.85 per share.

Our placing of funds in the trust account may not protect those funds from third party claims against us. Although we will seek to have all vendors, prospective target businesses or other entities we engage execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements or that such waivers would be held enforceable if challenged. Nor is there any guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason.. If we are unable to complete a business combination and are forced to liquidate, Howard S. Balter, our chairman of the board and chief executive officer, and Ilan M. Slasky, our president and secretary, have agreed, under certain circumstances, to be personally liable to ensure that the proceeds in the trust account are not reduced by the claims of vendors for services rendered or products sold to us, or claims of any target businesses with which we have entered into a letter of intent, confidentiality agreement or other written agreement, in each case to the extent the payment of such debts or obligations actually reduces the amount of funds in the trust accounts. However, we cannot assure you that Messrs. Balter and Slasky will be able to satisfy those obligations. Accordingly, the proceeds held in the trust account could be subject to claims which could take priority over the claims of our public stockholders and the per-share liquidation price could be less than $5.85, plus interest (net of taxes payable on income of the funds in the trust account), due to claims of such creditors.

Under Delaware law, our dissolution requires the approval of the holders of a majority of our outstanding stock, without which we will not be able to dissolve and liquidate, and distribute our assets to our public stockholders.

Under Delaware law, our dissolution requires the affirmative vote of stockholders owning a majority of our then outstanding common stock. Soliciting the vote of our stockholders will require the preparation of preliminary and definitive proxy statements, which will need to be filed with the Securities and Exchange Commission and could be subject to their review. This process could take a substantial amount of time ranging from one to several months. As a result, the distribution of our assets to the public stockholders could be subject to a considerable delay. Furthermore, we may need to postpone the stockholders meeting, resolicit our stockholders, or amend our plan of dissolution and liquidation to obtain the required stockholder approval, all of which would further delay the distribution of our assets and result in increased costs. If we are not able to obtain approval from a majority of our stockholders, we will not be able to dissolve and liquidate and we may not be able to distribute funds from our trust account to holders of our common stock sold in this offering and these funds may not be available for any other corporate purpose. We cannot assure you that our stockholders will approve our dissolution in a timely manner or will ever approve our dissolution. As a result, we cannot provide investors with assurances of a specific timeframe for our dissolution and liquidation. If our stockholders do not approve a plan of dissolution and liquidation and the funds remain in the trust account for an indeterminate amount of time, we may be considered to be an investment company. Please see the section entitled

"Risk Factors—If we are deemed to be an investment company, we would be subject to burdensome regulation which would restrict our activities and make it difficult for us to complete a business combination."

Under Delaware law, the requirements and restrictions relating to our initial public offering contained in our amended and restated certificate of incorporation may be amended, which could reduce or eliminate the protection afforded to our stockholders by such requirements and restrictions.

Our amended and restated certificate of incorporation contains certain requirements and restrictions relating to our initial public offering that will continue to apply to us until the consummation of a business combination. Specifically, our amended and restated certificate of incorporation provides, among other things, that:

- upon consummation of our initial public offering, $50,380,000 was placed into the trust account, which proceeds may not be disbursed from the trust account except in connection with a business combination, upon our liquidation or as otherwise permitted in the amended and restated certificate of incorporation:

- prior to the consummation of a business combination, we will submit such business combination to our stockholders for approval;

- we may consummate the business combination if approved by a majority of the shares of common stock voted by the public stockholders and public stockholders owning less than 20% of the shares sold in our initial public offering exercise their conversion rights;

- if a business combination is approved and consummated, public stockholders who voted against the business combination and exercised their conversion rights will receive their pro rata share of the trust account;

- if a business combination is not consummated or a letter of intent, an agreement in principle or a definitive agreement is not signed within the time periods specified in this prospectus, then we will be dissolved and distribute to all of our public stockholders their pro rata share of the trust account; and

- we may not consummate any other merger, capital stock exchange, stock purchase, asset acquisition or similar transaction other than a business combination that meets the conditions specified in this prospectus, including the requirement that the business combination be with an operating business whose fair market value is equal to at least 80% of our net assets at the time of such business combination.

Our amended and restated certificate of incorporation states that these provisions may not be amended until we complete a business combination. However, provisions prohibiting amendment of a company's certificate of incorporation may be deemed invalid under Delaware law. If a court concluded that the prohibition on amending certain provisions of our charter was invalid, the above-described provisions would be amendable and any such amendment could reduce or eliminate the protection afforded to our stockholders.

The loss of key executives could adversely affect our ability to operate.

Our operations are dependent upon a small group of key executives consisting of Mr. Balter, our chairman and chief executive officer, and Mr. Slasky, a director and our president and secretary. We believe that our success depends on the continued service of our executive management team. We do not have employment contracts with any of our current executives. The unexpected loss of the services of one or more of these executives could have a detrimental effect on us.

Our officers and directors may allocate their time to other businesses, thereby causing conflicts of interest in their determination as to how much time to devote to our affairs. This could have a negative impact on our ability to consummate a business combination.

Our officers and directors are not required to, and will not, commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and other businesses. This could have a negative impact on our ability to consummate a business combination. We do not intend to have any full time employees prior to the consummation of a business combination. Each of our officers are engaged in several other business endeavors and are not obligated to contribute any specific number of hours per week to our affairs. If our officers' and directors' other business affairs require them to devote substantial amounts of time to such affairs in excess of their current commitment levels, it could limit their ability to devote time to our affairs and could have a negative impact on our ability to consummate a business combination. We cannot assure you that these conflicts will be resolved in our favor.

If our common stock becomes subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected.

If at any time we have net tangible assets of $5,000,000 or less and our common stock has a market price per share of less than $5.00, transactions in our common stock may be subject to the "penny stock" rules promulgated under the Securities Exchange Act of 1934, as amended. Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser;
- receive the purchaser's written agreement to a transaction prior to sale;
- provide the purchaser with risk disclosure documents that identify certain risks associated with investing in "penny stocks" and that describe the market for these "penny stocks" as well as the purchaser's legal remedies; and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

If our common stock becomes subject to these rules, broker-dealers may find it difficult to effect customer transactions and trading activity in our securities may be adversely affected. As a result, the market price of our securities may become depressed, and you may find it more difficult to sell our securities.

Our outstanding warrants may have an adverse effect on the market price of common stock and make it more difficult to effect a business combination.

In connection with our initial public offering, as part of the units, we issued warrants to purchase 18,000,000 shares of common stock. In addition, we issued to Wedbush Morgan Securities Inc. an option to purchase up to a total of 450,000 units, which, if exercised, will result in the issuance of warrants to purchase an additional 900,000 shares of common stock. To the extent we issue shares of common stock to effect a business combination, the potential for the issuance of substantial numbers of additional shares upon exercise of these warrants could make us a less attractive acquisition vehicle in the eyes of a target business as such securities, when exercised, will increase the number of issued and outstanding shares of our common stock and reduce the value of the shares issued to complete the business combination. Accordingly, our warrants may make it more difficult to effectuate a business combination or increase the cost of a target business. Additionally, the sale, or even the possibility of sale, of the shares underlying the warrants could have an adverse effect on the market price for our securities or on our ability to obtain future public financing. If and to the extent these warrants are exercised, you may experience dilution to your holdings.

If we are unable to maintain a current prospectus relating to the common stock underlying our warrants, our warrants may have little or no value and the market for our warrants may be limited.

No warrants will be exercisable and we will not be obligated to issue shares of common stock unless at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us, we have agreed to use our reasonable best efforts to maintain a current prospectus relating to the common stock issuable upon exercise of our warrants until the expiration of our warrants. However, we cannot assure you that we will be able to do so. If the prospectus relating to the common stock issuable upon exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, our warrants may not be exercisable before they expire and we will not net-cash settle the warrants. Thus, our warrants may be deprived of any value. The market for our warrants may be limited, and the warrants may expire worthless. Even if warrant holders are not able to exercise their warrants because there is no current prospectus or the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, we can exercise our redemption rights.

We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.

We may redeem the warrants issued as a part of our units (including warrants issued and outstanding as a result of the exercise of the purchase option that we agreed to sell to the underwriters in the IPO) at any time after the warrants become exercisable in whole and not in part, at a price of $0.01 per warrant, upon a minimum of 30 days' prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds $8.50 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption. Redemption of the warrants could force the warrant holders (i) to exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (ii) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (iii) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

Our securities are quoted only on the OTC Bulletin Board, which limits the liquidity and price of our securities more than if our securities were quoted or listed on the NASDAQ National Market or a national securities exchange.

Our securities are traded in the over-the-counter market and are quoted only on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities sponsored and operated by The NASDAQ Stock Market, Inc., but not included in the NASDAQ National Market. Quotation of our securities on the OTC Bulletin Board limits the liquidity and price of our securities more than if our securities were quoted or listed on the NASDAQ National Market or a national securities exchange. Lack of liquidity will limit the price at which you may be able to sell our securities or your ability to sell our securities at all.

We may experience volatility in earnings due to how we are required to account for our warrants and the unit purchase option.

Under EITF No. 00-19, the fair value of the warrants and the unit purchase option must be reported as a derivative liability rather than equity due to the absence in the warrant agreement and the unit purchase option of provisions addressing the exercise of the warrants and unit purchase option, respectively, in the absence of an effective registration statement. Under interpretations of applicable federal securities laws, the issuance of shares upon exercise of the warrants or the issuance of units upon exercise of the unit purchase option in the absence of an effective

registration statement could be deemed a violation of Section 5 of the Securities Act of 1933, as amended. To address this issue, the warrant agreement requires that we file, and use best efforts to cause to be declared and keep effective, a registration statement covering the issuance of the shares underlying the warrants and the unit purchase option grants to the holders thereof certain registration rights. Under EITF No. 00-19, the registration of the common stock underlying the warrants and the units underlying the unit purchase option is not within our control. In addition, under EITF No. 00-19, in the absence of explicit provisions to the contrary in the warrant agreement or the unit purchase option, we must assume that we could be required to settle the warrants and the unit purchase option on a net-cash basis, thereby necessitating the treatment of the potential settlement obligation as a liability. Further, EITF No. 00-19 requires that we record the potential settlement obligation at each reporting date using the current estimated fair value of the warrants and the unit purchase option, with any changes being recorded in our statement of operations. The potential settlement obligation will continue to be reported as a derivative liability until such time as the warrants and the unit purchase option are exercised, expire, or we are otherwise able to modify the warrant agreement or the unit purchase option. As a result, we could experience volatility in our net income due to changes that occur in the value of the derivative liability at each reporting date.

If we are deemed to be an investment company, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete a business combination.

In order not to be regulated as an investment company under the Investment Company Act of 1940, or the 1940 Act, unless we can qualify for an exclusion, we must ensure that we are engaged primarily in a business other than investing, reinvesting or trading of securities and that our activities do not include investing, reinvesting, owning, holding or trading "investment securities." Our business will be to identify and consummate a business combination and thereafter to operate the acquired business or businesses. The funds in the trust account will remain invested in money market funds composed of either primarily short-term securities issued or guaranteed by the U.S. government or tax-exempt municipal bonds until we use them to complete a business combination. By limiting the investment of the funds to these instruments, we believe that we will not be considered an investment company under the 1940 Act. The trust account and the purchase of government securities for the trust account is intended as a holding place for funds pending the earlier to occur of either: (i) the consummation of our primary business objective, which is a business combination, or (ii) absent a business combination, our dissolution, liquidation and distribution of our assets, including the proceeds held in the trust account, as part of our plan of dissolution and liquidation. If we fail to invest the proceeds as described above or if we cease to be primarily engaged in our business as set forth above, we may be considered to be an investment company and thus be required to comply with the 1940 Act.

If we are deemed to be an unregistered investment company, among other things, any contract we enter into while unregistered would be rendered unenforceable. In addition, if we did register under the 1940 Act, we would be subject to certain restrictions on our activities, including:

- restrictions on the nature of our investments;
- restrictions on the issuance of securities; and
- restrictions on the amount of debt we may incur;

each of which may make it difficult for us to consummate a business combination. We would also become subject to burdensome regulatory requirements, including reporting, record keeping, voting, proxy and disclosure requirements, and the costs of meeting these requirements would reduce the funds we have available outside the trust account to consummate a business combination.

Our directors, including those who serve on our Audit Committee, may not be considered "independent" under the policies of the North American Securities Administrators Association, Inc. and, therefore, may take actions or incur expenses that are not deemed to be independently approved or independently determined to be in our best interest.

Under the policies of the North American Securities Administrators Association, Inc., an international organization devoted to investor protection, because each of our directors owns shares of our securities and may receive reimbursement for out-of-pocket expenses incurred by them in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations, state securities administrators could take the position that such individuals are not "independent." If this were the case, they would take the position that we would not have the benefit of independent directors examining the propriety of expenses incurred on our behalf and subject to reimbursement. Additionally, there is no limit on the amount of out-of-pocket expenses that could be incurred and there will be no review of the reasonableness of the expenses by anyone other than our board of directors, which would include persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged. To the extent such out-of-pocket expenses exceed the available proceeds not deposited in the trust account, such out-of-pocket expenses would not be reimbursed by us unless we consummate a

business combination. In addition, we may opt to make down payments or pay exclusivity or similar fees in connection with structuring and negotiating a business combination, which may have the effect of reducing the available proceeds not deposited in the trust account available for reimbursement of out-of-pocket expenses incurred on our behalf. We will not require, however, that the reimbursement of out-of-pocket expenses be included as a term or condition in any agreement with respect to a business combination. Although we believe that all actions taken by our directors on our behalf will be in our best interests, whether or not they are deemed to be "independent," we cannot assure you that this will actually be the case. If actions are taken, or expenses are incurred that are actually not in our best interests, it could have a material adverse effect on our business and operations and the price of our stock held by the public stockholders.

Risks associated with the proposed arrangement with 180 Connect

If outstanding warrants are exercised, the underlying shares of common stock will be eligible for future resale in the public market. "Market overhang" from the warrants results in dilution and has an adverse effect on the common stock's market price.

Outstanding warrants and the unit purchase option issued to the underwriters in our initial public offering will become exercisable after consummation of the arrangement. If they are exercised, a substantial number of additional shares of our common stock will be eligible for resale in the public market, which could adversely affect the market price.

If our initial stockholders exercise their registration rights, it may have an adverse effect on the market price of our common stock and the existence of these rights may make it more difficult to effect a business combination.

Our initial stockholders are entitled to demand that we register the resale of their shares of common stock in certain circumstances. If our initial stockholders exercise their registration rights with respect to all of their shares of common stock, then there will be an additional 2,249,997 shares of common stock eligible for trading in the public market. The presence of this additional number of shares of common stock eligible for trading in the public market may have an adverse effect on the market price of our common stock.

Because we do not intend to pay dividends on our common stock, stockholders will benefit from an investment in ours common stock only if it appreciates in value.

Neither we nor 180 Connect have ever declared or paid any cash dividends on shares of our common stock and do not anticipate paying cash dividends in the foreseeable future. We currently intend to retain all future earnings, if any, for reinvestment in the development and expansion of our business. Any decision to pay cash dividends in the future will be made by our board of directors and will be dependent upon our financial condition, results of operations, capital requirements and any other factors our board of directors decides is relevant. As a result, an investor will only recognize an economic gain on an investment in shares of our common stock from an appreciation in the price of such shares.

Our board of directors has had limited ability to evaluate the 180 Connect's management.

Although we closely examined the management of 180 Connect, we cannot assure you that its assessment of 180 Connect's management will prove to be correct, or that future management will have the necessary skills, qualifications or abilities to manage its business successfully. We anticipate that various members of the current management of 180 Connect will remain in management positions following consummation of the arrangement.

If the arrangement with 180 Connect is consummated, we will be subject to the risks that are inherent in 180 Connect's business.

If the arrangement with 180 Connect is consummated, we will be subject to various risks associated with 180 Connect's business, including the following:

- 180 Connect has a history of operating losses and may not be able to achieve profitability;
- 180 Connect relies on one key customer for a substantial percentage of its revenue;
- 180 Connect's business is subject to season fluctuations;
- If 180 Connect is unable to retain trained personnel, it may be unable to provide adequate service;
- 180 Connect is subject to litigation and other disputes which may lead to litigation;
- 180 Connect faces competition from other providers of installation services and may not be able to maintain or strengthen its competitive position within the industry;
- Consolidation of broadband carriers could result in a reduction of 180 Connect's customer base; and
- If 180 Connect is unable to comply with the covenants and other obligations under its convertible debentures, it may be subject to penalties.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

We did not engage in any unregistered sales of equity securities during the three months ended June 30, 2007.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

Not applicable.

Item 5. Other information.

Not applicable.

Item 6. Exhibits.

3.1 (1) Amended and Restated Certificate of Incorporation of Ad.Venture Partners, Inc.

3.2 (1)	Bylaws of Ad.Venture Partners, Inc.
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification

(1) Filed as an exhibit to Ad.Venture Partners, Inc.'s Registration Statement on Form S-1 (SEC File No. 333-124141) as filed with the Securities and Exchange Commission on April 18, 2005, as amended, and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AD.VENTURE PARTNERS, INC.

Date: August 17, 2007

By: /s/ Howard S. Balter

Howard S. Balter
Chairman and Chief Executive Officer (Principal Executive Officer)

By: /s/ *Ilan* M. Slasky

Ilan M. Slasky
President and Secretary (Principal Financial and Accounting Officer)