ENLIVEN MARKETING TECHNOLOGIES CORP
Form 10-Q
May 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

S **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008
OR
£ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER: 0-27168

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**95-4102687**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

205 West 39th Street, 16th Floor, New York, NY 10018
(Address of principal executive offices and zip code)

(212) 201-0800
(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 shorter period that the registrant was required to file reports), and (2) has been subject to such filing requirements for the past 90 days. Yes S No £

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

Large Accelerated Filer £ Accelerated Filer S Non-accelerated Filer £ Smaller Reporting Company £

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

As of May 6, 2008, 99,091,000 shares of $0.001 par value common stock were outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(Unaudited)

	March 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,951	$ 6,929
Marketable securities	296	311
Accounts receivable, net of reserve of $229 and $202, respectively	6,938	7,701
Prepaid expenses and other current assets	712	723
Total current assets	9,897	15,664
Restricted cash	420	417
Property and equipment, net	2,081	1,403
Goodwill	15,103	15,103
Intangible assets, net	8,585	9,553
Other assets	92	61
Total assets	$ 36,178	$ 42,201
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 2,172	$ 4,712
Accrued expenses	407	345
Deferred revenues	469	234
Current portion of notes payable	488	488
Current portion of warrants	102	469
Accrued incentive compensation	545	545
Current liabilities related to discontinued operations	231	231
Total current liabilities	4,414	7,024
Deferred rent	244	271
Warrants to purchase common stock	4,776	8,464
Subordinated notes-related party	2,706	2,616
Unicast notes	1,344	1,381

Springbox accrual		2,690		2,818
Total liabilities		16,174		22,574
Commitments and Contingencies (note 8)				
Stockholders equity:				
Preferred stock, $.001 par value; 5,000 shares authorized no shares issued and outstanding at March 31, 2008 and December 31, 2007				
Common stock, $.001 par value; 150,000 shares authorized 99,242 shares issued and 99,082 shares outstanding at March 31, 2008, and 99,216 shares issued and 99,056 shares outstanding at December 31, 2007		99		99
Paid-in capital		320,037		319,644
Treasury stock at cost; 160 at March 31, 2008 and December 31, 2007		(1,015)		(1,015)
Accumulated other comprehensive income				9
Accumulated deficit		(299,117)		(299,110)
Total stockholders equity		20,004		19,627
Total liabilities and stockholders equity	$	36,178	$	42,201

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

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2008	2007
Revenues:		
Advertising systems	$ 1,377	$ 1,110
Search	958	1,485
Services	2,069	719
Licenses		6
Total revenues	4,404	3,320
Cost of Revenues:		
Advertising systems	730	452
Search	28	43
Services	1,801	481
Total cost of revenues	2,559	976
Gross profit	1,845	2,344
Operating expenses:		
Sales and marketing	938	1,195
Research and development	868	810
General and administrative	2,849	2,078
Depreciation	119	115
Amortization of intangible assets	952	128
Total operating expenses	5,726	4,326
Loss from operations	(3,881)	(1,982)
Other income (expense):		
Interest and other income	39	51
Interest expense	(208)	(204)
Change in fair value of warrants to purchase common stock	4,055	157
Other income (expense):	3,886	4

Income (loss) before provision for income taxes		5		(1,978)
Provision for income taxes		12		12
Net loss	$	(7)	$	(1,990)
Basic and diluted net loss per common share:				
Net loss per common share	$	(0.00)	$	(0.03)
Weighted average number of shares outstanding basic and diluted		99,079		67,670

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

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash flows from operating activities:		
Net loss	$ (7)	$ (1,990)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation charges	372	338
Depreciation and amortization	1,161	297
Provision for bad debt	26	(7)
Changes in fair values of warrants to purchase common stock	(4,055)	(157)
Amortization of debt discount and issuance costs	150	146
Changes in operating assets and liabilities		
Accounts receivable	737	524
Prepaid expenses	(20)	(4)
Accounts payable	(2,668)	(270)
Accrued expenses	35	(40)
Deferred revenues	235	(9)
Net cash used in operating activities	(4,034)	(1,172)
Cash flows from investing activities:		
Purchases of marketable securities	(2)	(931)
Increase in restricted cash	(3)	(2)
Purchases of property and equipment	(887)	(37)
Purchases of patents and trademarks	16	(1)
Net cash used in investing activities	(876)	(971)
Cash flows from financing activities:		
Repayment of Subordinate Notes		(165)
Repayment of Unicast Debt	(97)	(97)
Proceeds from exercise of stock options	21	
Net cash (used in) provided by financing activities	(76)	(262)
Effect of exchange rates on cash	8	
Net decrease in cash and cash equivalents	(4,978)	(2,405)
Cash and cash equivalents at beginning of year	6,929	4,154

Cash and cash equivalents at end of year	$	1,951	$	1,749
Supplemental disclosure of cash flow activities:				
Cash paid during the period for income taxes	$	12	$	12
Cash paid during the period for interest		58		21
Unrealized (loss) on marketable securities		(17)		(10)

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

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

On December 13, 2007, Viewpoint Corporation filed an amendment to its Certificate of Incorporation in order to change the name of the Company from Viewpoint Corporation to Enliven Marketing Technologies Corporation. The name change was effective on January 1, 2008 and was approved by the Board of Directors of the Company on October 31, 2007 and the stockholders of the Company at the annual meeting held on December 6, 2007.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, consistent in all material respects with those applied in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. The interim financial information is unaudited, but reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position and operating results of Enliven Marketing Technologies Corporation (Enliven or the Company) for the interim periods.

These unaudited consolidated financial statements have been prepared in accordance with the instructions to Rule 10-01 of Regulation S-X and, therefore, do not include all of the information and footnotes normally provided in annual financial statements. As a result, these unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management s discussion and analysis of financial condition and results of operations, contained in Enliven s Annual Report on Form 10-K for the year ended December 31, 2007. The results of operations for the three months ended March 31, 2008 are not necessarily indicative of the results to be expected for the year ending December 31, 2008 or other future periods.

The year-end consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Liquidity

The Company has incurred since its inception net losses and negative cash flows from operations, and expects such conditions to continue for the foreseeable future. As of March 31, 2008, the Company had cash and cash equivalents and marketable securities of $2.2 million and accumulated deficit of $299 million. These conditions combined with potential delisting of the Company s common stock as discussed below raises substantial doubt about the Company s ability to continue as a going concern. Historically, the Company has financed its operations, primarily from the issuance of debt and equity securities. Excluding the negative effect of the possible delisting of the Company s common stock, Management currently estimates that existing working capital combined with projected operating results will be adequate to fund operations beyond March 31, 2009; however, should the Company experience unforeseen increases in expenditures or should estimated revenues not materialize, these conditions could significantly impair the ability of the Company to fund future operations. Should the Company experience unanticipated losses or expenditures that exceed current estimates, management would implement a cost reduction plan, that includes a reduction in work force as well as reductions in overhead costs and capital expenditures, and/or attempt to raise additional debt or equity financing. There can be no assurance that the Company will achieve or sustain positive cash flows from operations or profitability. If the Company seeks additional debt or equity financing, there is no assurance that such financing will be available on reasonable terms, if at all, and any financing obtained may contain covenants that restrict management s ability to operate the business or may have rights, preferences or privileges senior to the Company s common stock and may dilute current stockholders of the Company. In the event that the Company is unable to attain profitability in combination with raising adequate long-term financing if needed, future operations would need to be discontinued.

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

As discussed in more detail in Note 5, the Company s outstanding subordinated note contains a covenant that requires that the Company s common stock remain listed on a national stock exchange. If the Company s common stock is delisted, the face value of the subordinated note, $3.4 million, becomes due immediately. In March 2007, the subordinated note holder waived the requirement that the Company s common stock remain listed on a national stock exchange until December 31, 2008. On February 15, 2008 the Company s common stock closed below the minimum $1.00 per share requirement necessary to remain listed on The Nasdaq Capital Market. In the event the Company s common stock price continues to trade below $1.00 per share for approximately 13 consecutive months, the common stock could be delisted on March 28, 2009. Since February 15, 2008 the Company s common stock has continued to trade below $1.00 per share and there is no assurance that it will trade above $1.00 thereby avoiding the delisting of the Company s common stock on March 28, 2009. Upon delisting of the Company s common stock, the Company would not have the ability to pay the subordinated note.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. The most significant estimates impact the following transactions or account balances: stock compensation, revenue, receivables, liabilities, warrants, goodwill, and intangibles and fixed assets. In addition, the Company currently estimates that it will have adequate liquidity to fund operations beyond one year from March 31, 2008. Such estimate is based on projected revenues, expenses and timing of various payments. Should unforeseen events occur or should actual results differ from current estimates, the Company may be unable to meet payment obligations as they come due which would have a material adverse impact on the Company s operations.

Net Loss Per Common Share

Basic net loss per common share is computed using the weighted average number of shares outstanding and diluted net loss per common share is computed using the weighted average number of shares of common and common equivalent shares outstanding. Diluted loss per common share for March 31, 2008 and 2007 excludes approximately 18.6 million and 10.6 million, respectively, of common shares related to stock options and warrants because they do not have a dilutive effect.

Comprehensive Income (Loss)

For all periods presented, the difference between net loss and comprehensive net loss was not material.

Recent Accounting Pronouncements

Effective January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements (SFAS 157). In February 2008, the Financial Accounting Standards Board (FASB) issued Staff Position (FSP) FAS 157-1 to exclude SFAS No. 13, *Accounting for Leases* and its related interpretive accounting pronouncements that address leasing transactions, from the scope of SFAS No. 157. In February 2008, the FASB also issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157* , which provides a one year deferral of the effective date of SFAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. Therefore, the Company has adopted the provision of SFAS 157 with respect to its financial assets and liabilities only. SFAS 157 defines fair value,

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are

significant to
the value of the
assets or
liabilities.

The adoption of this statement did not have a material impact on the Company s results of operations or financial position.

The Company is currently reviewing the impact, if any, upon the full adoption of FAS 157.

In February 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 159 (SFAS 159), The Fair Value Option for Financial Assets and Financial Liabilities . Under SFAS 159, companies may elect to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. SFAS 159 was effective in the first quarter of fiscal 2008. The Company elected not to adopt the provision of SFAS 159 in the first quarter of fiscal 2008.

In December 2007, the FASB issued SFAS No. 141R, *Business Combinations,* which requires, among other things, the acquiring entity in a business combination to recognize the full fair value of the assets acquired, liabilities assumed and any noncontrolling interest as of the acquisition date; the immediate expense recognition of transaction costs; and accounting for restructuring plans separately from the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not allowed. This standard will impact the Company s accounting treatment for future business combinations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin No. 51* (FAS 160), which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. FAS 160 is effective as of the beginning of an entity s fiscal year that begins after December 15, 2008. The Company is currently evaluating the potential impact, if any, of the adoption of FAS 160 on our consolidated financial position, results of operations and cash flows.

In March 2008, the FASB issued FASB Statement No. 161 (SFAS 161), Disclosures about Derivative Instruments and Hedging Activities . SFAS 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 Accounting for Derivative Instruments and Hedging Activities and how derivative instruments and related hedged items affect a company s financial position, financial performance and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact, if any, that SFAS 161 will have on the consolidated financial statements.

2. Acquisitions

Springbox Ltd.

On October 18, 2007, the Company entered into a purchase agreement to acquire all of the outstanding partnership interests of Springbox, an interactive marketing firm located in Austin, Texas, with digital web marketing and creative solutions. The acquisition of Springbox provides the Company with the ability to enhance the Company s web based product offerings in order to meet the demand for creative digital and Internet solutions. In addition, Springbox provides content management technology that the Company will leverage across the Unicast ad platform providing customers with the ability to create integrated offerings that combine digital marketing with premium rich media ad content and delivery capabilities. The transaction closed on October 31, 2007, and the Company assumed ownership of Springbox as a wholly owned subsidiary at that date.

The results of operations of Springbox for the period ended March 31, 2008 were included in the accompanying consolidated statements of operations.

The following unaudited pro forma results of operations have been prepared assuming that the acquisition of Springbox occurred at the beginning of the period presented. Unaudited pro forma financial information for the period ended March 31, 2008 has been intentionally omitted as the Company s reported operating results for that period include the operating results of Springbox for the full period.

This unaudited pro forma financial information should not be considered indicative of the actual results that would have been achieved had the acquisition been completed on the date indicated and does not purport to indicate results of operations as of any future date or any future period.

	Quarter Ended March 31, 2007 (unaudited)
Revenue	4,166
Net loss	(2,453)
Basic and diluted net loss per common share	(0.04)

3. Goodwill and Intangible Assets

As required by SFAS No. 142, the Company discontinued amortizing the remaining balances of goodwill as of January 1, 2002. All remaining and future acquired goodwill is subject to impairment tests annually, or earlier if indicators of potential impairment exist, using a fair-value-based approach. All other intangible assets continue to be amortized over their estimated useful lives and are assessed for impairment under SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets.

A summary of changes in the Company s goodwill by reporting unit and intangible assets during the quarter ended March 31, 2008 by aggregated segment are as follows (in thousands):

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Goodwill				Intangible Assets
	Technology	Advertising Systems	Services	Total	Total
Balance as of December 31, 2007	10,206	2,080	2,817	15,103	9,553
Amortization and other reduction					(968)
Balance as of March 31, 2008	10,206	2,080	2,817	15,103	8,585

As of March 31, 2008 and December 31, 2007, the Company s intangible assets and related accumulated amortization consisted of the following (in thousands):

		At March 31, 2008			At December 31, 2007		
	Useful Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Unicast Communications Corp							
Website Partner-Relationships	10	3,772	(1,246)	2,526	3,772	(1,152)	2,620
Acquired Technology	3	410	(410)		410	(410)	
Patents and Trademarks	5	326	(218)	108	326	(203)	123
Makos							
Customer Relationships	2	200	(92)	108	200	(67)	133
Tradenames & URL s	3	50	(15)	35	50	(11)	39
Non-compete agreements	1	500	(458)	42	500	(333)	167
Springbox							
Non-compete and Employment Agreements	2	4,972	(956)	4,016	4,972	(400)	4,572
Trade Name Asset	6	500	(35)	465	500	(8)	492
Customer Relationships	3	1,045	(145)	900	1,045	(59)	986
Other							

Fotomat	3	134	(63)	71	134	(52)	82
Patents and Trademarks	Various	519	(205)	314	535	(196)	339
Total Intangible Assets		12,428	(3,843)	8,585	12,444	(2,891)	9,553

Amortization expense for the three months ended March 31, 2008 and 2007 was $1.0 million and $0.1 million respectively. Amortization expense is estimated to be $2.8 million for the remainder of 2008, $3.2 million for 2009, $0.9 million for 2010, $0.5 million for 2011, $0.5 million for 2012 and $0.8 million thereafter.

4. Long-Term Debt

Subordinated Notes

In March 2007, the Company and the subordinated note holder amended the 4.95% subordinated note to extend the maturity date from March 31, 2008 to September 30, 2009 and waived the requirement that the Company s common stock remain listed on a national stock exchange, as defined, until December 31, 2008, in exchange for the payment by Enliven of $0.2 million to the Holder of the subordinated note, and adding $0.3 million to the principal of the note increasing the face value of the subordinated note to $3.4 million.

On February 15, 2008 the Company s common stock closed below the minimum $1.00 per share requirement necessary to remain listed on the NASDAQ Capital Market. In the event the Company s common stock price continues to trade below a $1.00 per share for approximately 13 consecutive months, the common stock could be delisted at the end of March 2009. On April 13, 2008 the Company received written notification from the NASDAQ Listing Qualifications Department notifying

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

management that, for the last 30 consecutive business days, the bid price of the Company s common stock has closed below the minimum $1.00 per share requirement for continued inclusion under NASDAQ Marketplace Rule 4310(c)(4). The Company, in accordance with NASDAQ Marketplace Rule 4310(c)(8)(D), was provided an initial 180 calendar days, or until September 29, 2008, to regain compliance. To regain compliance, the bid price of the Company s common stock must close at $1.00 per share or more for a minimum of ten consecutive business days at any time before September 29, 2008. The Company will automatically be granted an additional 180 days from September 29, 2008 to regain compliance with the continued listing requirements before delisting the Company s common stock if the Company meets all other NASDAQ Marketplace Rules listing requirements (collectively Rules). Management currently estimates that the Company currently meets such Rules and will continue to meet these Rules for the foreseeable future.

If the Company s common stock is delisted from NASDAQ, the market liquidity of the Company s common stock will be significantly limited, which would reduce stockholders ability to sell Company securities in the secondary market. Additionally, any such delisting would harm the Company s ability to raise capital through alternative financing sources on acceptable terms, if at all, and may result in the loss of confidence in the Company s financial stability by suppliers, customers and employees. The Company cannot give any assurance that the Company will be able to maintain compliance with the $1.00 per-share minimum price requirement for continued listing on NASDAQ or that its stock will not be delisted by NASDAQ.

As noted above, the Company s outstanding subordinated note contains a covenant that requires that the Company s common stock remain listed on a national stock exchange. If the Company s common stock is delisted at any time after December 31, 2008, the face value of the note, $3.4 million, becomes due immediately.

The Company s total carrying value of long-term debt at March 31, 2008 and December 31, 2007 is as follows (amounts in thousands):

	March 31 2008	December 31 2007
Subordinated notes	$ 2,706	$ 2,616
Unicast notes	1,733	1,170
Line of Credit	99	99
Total long-term debt	4,538	4,485
Less current portion	488	488
Long-term debt, net of current portion	$ 4,050	$ 3,997

The reconciliation of the carrying value to the face value of each note as of March 31, 2008, is as follows (amounts in thousands):

	Subordinated	Unicast	Line of	Total

	Notes	Notes	Credit	
Book Value	2,706	1,733	99	4,538
Discount on long-term debt	644	207		851
Face value of the long-term debt	3,350	1,940	99	5,389

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The maturity schedule for the Company s debt subsequent to March 31, 2008 is as follows (amounts in thousands):

Maturity		
Nine months ending December 31, 2008.	$	391
2009		3,739
2010		259
2011		1,000
	$	5,389

5. Stock-based Compensation

The assumptions used to value option grants for the quarters ended March 31, 2008 and March 31, 2007 are as follows:

	Three Months Ended March 31,	
	2008	**2007**
Risk-free interest rate	3.52 %	4.58 %
Dividend yield		
Volatility factor	1.35	1.39
Weighted average expected life in years	3.9	3.9

As of March 31, 2008, there was $2.4 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested stock-based payments granted to Enliven employees.

6. Segment Information and Enterprise-Wide Disclosures

The Company operates in three separate segments: technology, advertising systems and services. The following tables present selected operating results and asset financial information by segment,

ENLIVEN MARKETING TECHNOLOGIES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Three Months Ended March 31, 2008	2007
	(In thousands)	
Revenues:		
Advertising systems	$ 1,377	$ 1,110
Technology:		
Licenses		6
Search	958	1,485
Total technology revenue:	958	1,491
Services	2,069	719
Total revenues	4,404	3,320
Cost of Revenues:		
Advertising systems	730	452
Technology:		
License		
Search	28	43
Total technology cost of revenues	28	43
Services	1,801	481
Total cost of revenues	2,559	976
Gross profit	$ 1,845	$ 2,344
Advertising systems	$ 647	$ 658
Technology:		
Licenses		6
Search	930	1,442
Total technology gross profit	930	1,448
Services	268	238

Total gross profit	$ 1,845	$ 2,344
Gross profit margin		
Advertising systems	47 %	59 %
Technology:		
Licenses	n/a	100
Search	97	97
Total technology gross profit margin	97	97
Services	13	33
Total gross profit	42 %	71 %

	March 31, 2008	**December 31, 2007**
	(In thousands)	
Total assets:		
Technology	$ 13,064	$ 12,437
Advertising Systems	8,814	10,500
Services	11,633	11,606
Corporate(*)	2,667	7,658

Tot