Camden Learning CORP
Form 10-Q
August 14, 2008

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

FORM 10-Q

x Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **June 30, 2008** or

o Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ______ to ______

000-52919
(Commission file No.)

CAMDEN LEARNING CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	**83-0479936**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. employer identification no.)*

500 East Pratt Street
Suite 1200
Baltimore, MD 21202
(Address of principal executive offices)

(410) 878-6800
(Issuer's telephone number, including area code)

Check 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** Noo.

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer o	Accelerated filer o	Non-Accelerated filer o	Smaller reporting company **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, 2008 there were 8,188,800 shares of the Company’s common stock outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Reference is made to our financial statements and accompanying notes beginning on Page F-1 of this report.

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

FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with our financial statements and the notes hereto included elsewhere in this Form 10-Q.

This Form 10-Q contains forward-looking statements regarding the plans and objectives of management for future operations. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other va on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that these projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and the related notes thereto which are included in this quarterly report on Form 10-Q and the Company’s audited financial statements and notes thereto included in our Form 10-K for our fiscal year ended December 31, 2007.

OVERVIEW

We were formed on April 10, 2007 for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, an operating business in the education industry. Our initial business combination must be with a target business whose fair market value is at least equal to 80% of our net assets at the time of such acquisition. We intend to use cash derived from the proceeds of our initial public offering and concurrent private placement, our capital stock, debt or a combination of cash, capital stock and debt, to effect such business combination.

Since our initial public offering, we have been actively searching for a suitable business combination candidate. We currently have not entered into any definitive agreement with any potential target businesses. We have met with 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 within which we must consummate a business combination, or return the proceeds of the initial public offering held in the trust account to investors. Consistent with the disclosures in our prospectus, we have focused our search on companies in the education industry, which include but are not limited to early child care (pre-school programs and/or day care facilities for pre-school aged children), K-12 (kindergarten through twelfth grade), post-secondary (a formal instructional program for students who have completed the requirements for a high school diploma or its equivalent, including programs whose purpose is academic, vocational and continuing professional education), and corporate training. We cannot assure investors we will find a suitable business combination within the allotted time.

We are currently in the process of evaluating and identifying targets for an initial transaction. We are not presently engaged in, and will not engage in, any substantive commercial business until we consummate our initial business combination. We intend to utilize cash derived from the proceeds of our initial public offering, the private placement, our capital stock, debt or a combination of cash, capital stock and debt, in effecting our initial business combination. The issuance of additional shares of our capital stock:

- may significantly reduce the equity interest of our current stockholders;

- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded to our common stock;

- will likely cause a change in control if a substantial number of our shares of common stock or preferred stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely also result in the resignation or removal of one or more of our present officers and directors; and

- may adversely affect prevailing market prices for our securities.

Similarly, if we issued debt securities, it could result in:

- default and foreclosure on our assets, if our operating revenues after an initial transaction were insufficient to pay our debt obligations;

- acceleration of our obligations to repay the indebtedness, even if we have made all principal and interest payments when due, if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;

- our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and

- our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

We anticipate we would only consummate such a financing simultaneously with the consummation of a business combination, although nothing would preclude us from raising more capital in anticipation of a possible business combination.

CHANGES IN FINANCIAL CONDITION

Liquidity and Capital Resources

In April 2007, the Company issued 1,562,500 shares of common stock to the Initial Stockholders for an aggregate amount of $25,000.

On April 26, 2007, the Company issued a $200,000 unsecured promissory note to Camden Learning, LLC, an affiliate. The note was interest bearing at an annual rate of 4.9% and both principal and interest were payable on the earlier of April 26, 2008 or the consummation of the Offering of the Company. The note was fully repaid on December 5, 2007 and no further amounts are due.

On May 16, 2007, we entered into an agreement with certain of our initial stockholders for the sale of 2,800,000 warrants in a private placement. Each warrant entitles the holder to purchase from us one share of our common stock on a cashless basis. On November 24, 2007, the warrants were sold at a price of $1.00 per warrant, generating net proceeds of $2,800,000.

On December 5, 2007, we consummated our initial public offering of 6,250,000 units. Each unit consists of one share of common stock and one warrant. On December 19, 2007, we consummated the closing of 376,300 additional units subject to the underwriters’ over allotment option. Each warrant entitles the holder to purchase from us one share of our common stock at an exercise price of $5.50.

The net proceeds we received from the private placement and the sale of our units and warrants were $53,181,449 (not including deferred underwriting discounts and commissions of $1,590,312). Of this amount, $52,389,984 was placed in a trust account at JP Morgan Chase Bank, N.A. maintained by Continental Stock Transfer & Trust Company, as trustee. The remaining funds are being held outside of the trust. The funds held outside of trust (together with $600,000 of interest we may earn on funds in the trust account which we are entitled to withdraw in order to cover our operating expenses and the costs associated with our plan of dissolution and liquidation if we do not consummate a business combination) will be used to cover our operating expenses and to cover the expenses incurred in connection with seeking and consummating a business combination. Additionally, amounts required for payment of income taxes on interest earned, may be released to the Company.

We will use substantially all of the net proceeds of the initial public offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust fund as well as any other net proceeds not expended will be used to finance the operations of the target business. We believe we will have sufficient available funds outside of the trust fund to operate through November 29, 2009, assuming a business combination is not consummated during that time. We do not believe we will need to raise additional funds in order to meet the expenditures required for operating our business. However, we may need to raise additional funds through a private or public offering of debt or equity securities if such funds are required to consummate a business combination that is presented to us. We would only consummate such a financing simultaneously with the consummation of a business combination.

The $1,590,312 of the funds attributable to the deferred underwriting discount and commissions in connection with the offering and private placement will be released to the underwriters less $0.24 per share for any public stockholders exercising their redemption rights, upon completion of a business combination as such term is defined in our prospectus filed on Form 424B4 on November 30, 2007 with the Securities and Exchange Commission.

We may need to raise additional funds in order to meet the expenditures required to consummate a business combination before November 29, 2009. Although we believe the net proceeds of the offering and the private placement will be sufficient to allow us to consummate a business combination, in as much as we have not yet identified any prospective target business, we cannot ascertain the capital requirements for any particular transaction. If the net proceeds of the offering and the private placement prove to be insufficient, either because of the size of the business combination or the depletion of the available net proceeds in search of a target business, or because we become obligated to redeem for cash a significant number of shares from dissenting stockholders, we will be required to seek additional financing. We cannot assure you such financing would be available on acceptable terms, if at all.

Commencing on November 29, 2007, we began incurring a fee of $7,500 per month for certain administrative services from Camden Partners Holdings, LLC. In addition, in 2007, Camden Learning, LLC advanced to us an aggregate of $200,000 for payment of offering expenses on our behalf. These advances were repaid on December 5, 2007 from the proceeds of the initial public offering that were allocated to pay offering expenses.

We may use all or substantially all of the proceeds held in trust, other than the deferred portion of the underwriter's fee, to acquire one or more target businesses. We may not use all of the proceeds held in the trust account in connection with a business combination, either because the consideration for the business combination is less than the proceeds in trust or because we finance a portion of the consideration with capital stock or debt securities that we can issue. In that event, the proceeds held in the trust account as well as any other net proceeds not expended, will be used to finance the operations of the target business or businesses. The operating business that we acquire in such business combination must have a fair market value equal to at least 80% of the balance in the trust account (excluding deferred underwriter's fee of $1,590,312) at the time of such acquisition. If we consummate multiple business combinations that collectively have a fair market value of 80% of our net assets, then we would require that such transactions are consummated simultaneously.

If we are unable to find a suitable target business by November 29, 2009, we will be forced to liquidate. If we are forced to liquidate, the per share liquidation amount may be less than the initial per unit offering price because of the underwriting commissions and expenses related to our initial public offering and because of the value of the warrants in the per unit offering price. Additionally, if third parties make claims against us, the initial public offering proceeds held in the trust account could be subject to those claims, resulting in a further reduction to the per share liquidation price. Under Delaware law, our stockholders who have received distributions from us may be held liable for claims by third parties to the extent such claims have not been paid by us. Furthermore, our warrants will expire worthless if we liquidate before the completion of a business combination.

RESULTS OF OPERATIONS

For the three months ended June 30, 2008, we had net income of $108,428, consisting of interest income of $319,272 less costs attributable to organization, formation and general and administrative expenses of $147,043 and net of a provision for income taxes of $63,801. For the period from April 10, 2007 (inception) through June 30, 2007, we had a net loss of $5,430, consisting of interest expense of $4,300 plus costs attributable to organization, formation and general and administrative expenses of $1,130. For the six months ended June 30, 2008, we had net income of $304,139, consisting of interest income of $792,771 less costs attributable to organization, formation and general and administrative expenses of $299,876 and net of a provision for income taxes of $188,756. For the period from April 10, 2007 (inception) through June 30, 2008, we had net income of $348,329, consisting of interest income of $924,376 less costs attributable to organization, formation and general and administrative expenses of $359,423 and net of a provision for income taxes of $216,624.

Through June 30, 2008, our efforts have been primarily organizational activities, activities relating to our initial public offering and activities relating to our search for a target company with which to do a business combination. We have neither engaged in any operations nor generated any revenues to date. We currently have no operating business and have not entered into a definitive agreement with any potential target businesses. Beginning December 5, 2007 (the date of the consummation of our initial public offering) until our consummation of a business combination, we expect interest earned on the offering proceeds held in our trust account to be our primary source of income.

We received net proceeds from the offering of $47,491,465, before deducting deferred underwriting compensation of $1,500,000. On December 19, 2007, the underwriters for the offering exercised a portion of their over-allotment option, generating additional proceeds of $2,889,984, before deducting deferred underwriting compensation of $90,312.

In addition, we may need to raise additional funds through a private offering of debt or equity securities if such funds are required to consummate an initial transaction that is presented to us. Subject to compliance with applicable securities laws, we would only consummate such a fund-raising simultaneously with the consummation of an initial transaction.

We currently pay Camden Partners Holdings, LLC an aggregate fee of $7,500 per month which includes the cost of other general and administrative services provided to us by Camden Partners Holdings, LLC.

Contractual Obligations

We do not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities. We entered into a Service Agreement with Camden Partners Holdings, LLC requiring us to pay $7,500 per month. The agreement terminates on the earlier of the completion of a business combination or upon our dissolution.

The Company has entered into an engagement agreement with Morgan Joseph & Co. Inc. whereby Morgan Joseph & Co. Inc. will provide financial advisory and investment banking services to the Company.

The Company entered into an engagement agreement with a consultant on June 23, 2008. The consultant will provide financial advisory services to the Company in connection with a potential transaction with certain predetermined entities. The Company is obligated to pay the consultant 1.5% of the Transaction Value (as defined in the engagement agreement), provided, however, the aggregate Transaction Fee shall not be less than $1,000,000 in the event a transaction is completed with any of the predetermined entities. The Company also agreed to reimburse the consultant for its reasonable business expenses in connection with services rendered. The agreement is on a month-to-month basis. Upon termination, no party shall have any liability to the other except that the consultant shall be entitled to its transaction fee if, within twelve (12) months from the date of termination of the agreement, the Company consummates a transaction with one of the predetermined entities.

Other than contractual obligations incurred in the ordinary course of business, we do not have any other long-term contractual obligations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not Applicable for Smaller Reporting Companies.

Item 4(T). Controls and Procedures.

Disclosure Controls and Procedures

As of the end of the period covered by this report on Form 10-Q, our chief executive officer and chief financial officer conducted an evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting them of any material information relating to us that is required to be disclosed by us in the reports we file or submit under the Securities Exchange Act.

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Internal Control over Financial Reporting

This interim report does not include a report of our management's assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

During the period covered by this report, there have been no significant changes in our internal control over financial reporting (as defined in Rule 13-15(f) of the Securities Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

To the knowledge of our management, there is no litigation currently pending or contemplated against us or any of our officers or directors in their capacity as such.

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

Recent Sales of Unregistered Securities

None.

Item 3. Defaults upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Financial Statement Schedules.

Exhibit No.	Description
31.1	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 13th day of August, 2008.

CAMDEN LEARNING CORPORATION.

By: /s/ David L. Warnock

Name: David L. Warnock
Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Donald W. Hughes

Name: Donald W. Hughes
Title: Chief Financial Officer
(Principal Financial Officer)

Camden Learning Corporation
(a corporation in the development stage)

Condensed Balance Sheets

Assets	June 30, 2008 (unaudited)	December 31, 2007
Current assets:		
Cash	$ 323,082	$ 858,347
Prepaid expenses	133,529	—
Prepaid income tax	82,483	—
Total current assets	539,094	858,347
Restricted funds held in trust	52,897,568	52,543,772
Deferred tax asset	135,893	19,141
Total assets	$ 53,572,555	$ 53,421,260
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 208	$ 104,656
Income tax payable	—	47,009
Total current liabilities	208	151,665
Deferred underwriting compensation	1,590,312	1,590,312
Total Liabilities	1,590,520	1,741,977
Commitments		
Common stock, subject to possible redemption 1,987,889 shares	15,744,081	15,744,081
Stockholders' equity		
Preferred Stock, $.0001 par value, 1,000,000 shares authorized; none issued or outstanding	—	—
Common Stock, $.0001 par value, 20,000,000 shares authorized; 8,188,800 shares issued and outstanding (less 1,987,889 shares subject to possible redemption)	620	620
Additional paid-in capital	35,889,005	35,890,392
Retained earnings accumulated during the development stage	348,329	44,190
Total stockholders' equity	36,237,954	35,935,202
Total liabilities and stockholders' equity	$ 53,572,555	$ 53,421,260

See notes to condensed financial statements.

Camden Learning Corporation
(a corporation in the development stage)

Condensed Statements of Operations
For the three and six months ended June 30, 2008, for the period from April 10, 2007 (inception) through June 30, 2007 and for the period from April 10, 2007 (inception) through June 30, 2008
(unaudited)

	Three months ended June 30, 2008	April 10, 2007 (inception) through June 30, 2007	Six months ended June 30, 2008	April 10, 2007 (inception) through June 30, 2008
Operating expenses:				
Operating and formation expenses	$ 147,043	$ 1,130	$ 299,876	$ 359,423
Loss from operations	(147,043)	(1,130)	(299,876)	(359,423)
Other income/(expense):				
Interest income/(expense), net	319,272	(4,300)	792,771	924,376
Income/(loss) before provision for taxes	172,229	(5,430)	492,895	564,953
Provision for income taxes	(63,801)	—	(188,756)	(216,624)
Net income/(loss)	$ 108,428	$ (5,430)	$ 304,139	$ 348,329
Net income /(loss) per share				
Basic	$ 0.02	$ (0.00)	$ 0.05	
Diluted	$ 0.01	$ (0.00)	$ 0.04	
Weighted average shares outstanding				
Basic	6,626,300	1,562,500	6,626,300	
Diluted	8,360,701	1,562,500	8,360,701	

See notes to condensed financial statements.

Camden Learning Corporation
(a corporation in the development stage)

Condensed Statements of Stockholders' Equity
For the period from April 10, 2007 (inception) to June 30, 2008

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings Accumulated During the Development Stage	Total Stockholders' Equity
Common shares issued to initial stockholders on April 10, 2007 at approximately $.02 per share	1,562,500	$ 156	$ 24,844	$ —	$ 25,000
Sale of 2,800,000 private placement warrants on November 29, 2007 at $1.00 per warrant	—	—	2,800,000	—	2,800,000
Sale of 6,626,300 units, net of underwriters' discount and offering expenses of $507,248 (including 1,987,889 shares subject to possible redemption) and sale of underwriter's purchase option	6,626,300	663	48,791,861	—	48,792,524
Net proceeds subject to possible redemption of 1,987,889 shares		(199)	(15,743,882)		(15,744,081)
Discount on note payable to affiliate	—	—	17,569	—	17,569
Net income	—	—	—	44,190	44,190
Balance at December 31, 2007	8,188,800	$ 620	$ 35,890,392	$ 44,190	$ 35,935,202
Unaudited:					
Offering expenses			(1,387)		(1,387)
Net income	—	—	—	304,139	304,139
Balance at June 30, 2008	**8,188,800**	**$ 620**	**$ 35,889,005**	**$ 348,329**	**$ 36,237,954**

See notes to condensed financial statements.

Camden Learning Corporation
(a corporation in the development stage)

Condensed Statements of Cash Flows
For the six months ended June 30, 2008, for the period from April 10, 2007 (inception) through June 30, 2007 and for the period from April 10, 2007 (inception) through June 30, 2008
(unaudited)

	Six months ended June 30, 2008	April 10, 2007 (inception) through June 30, 2007	April 10, 2007 (inception) through June 30, 2008
Cash flows from operating activities:			
Net income (loss)	$ 304,139	$ (5,430)	$ 348,329
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Accretion of interest on note payable	—	4,300	17,569
Deferred income taxes	(116,752)	—	(135,893)
Changes in assets and liabilities			
Increase in prepaid expenses	(133,529)	—	(133,529)
Increase/(decrease) in accounts payable and accrued expenses	(48,270)	1,000	208
Decrease in income tax payable	(129,492)	—	(82,483)
Net cash (used in)/provided by operating activities	(123,904)	(130)	14,201
Cash flows from investing activities:			
Restricted funds held in trust	(353,796)	—	(52,897,568)
Cash flows from financing activities:			
Proceeds from sale of stock to initial stockholders	—	25,000	25,000
Proceeds from note payable to affiliate	—	200,000	200,000
Advance from affiliates	—	37,500	37,500
Repayment to affiliates	—	—	(37,500)
Gross proceeds from initial public offering	—	—	53,010,500
Proceeds from issuance of warrants	—	—	2,800,000
Payment of offering costs	(57,565)	(126,350)	(2,629,051)
Repayment of note payable to affiliate	—	—	(200,000)
Net cash (used in)/provided by financing activities	(57,565)	136,150	53,206,449
Net (decrease)/increase in cash	(535,265)	136,020	323,082
Cash at beginning of period	858,347	—	—
Cash at end of period	$ 323,082	$ 136,020	$ 323,082
Supplemental Disclosures:			
Non-cash financing activities:			
Additional paid-in capital from discount on note payable to affiliate	—	$ 17,569	—
	—	$ 34,754	—

Increase in deferred offering costs, and in related accounts payable and accrued expenses					
Deferred underwriting compensation		—	—	$	1,590,312
Cash flow information:					
Cash paid during the period for income taxes	$	435,000	—	$	435,000
Cash paid for interest		—	—	$	5,987

See notes to condensed financial statements.

Camden Learning Corporation
(a corporation in the development stage)

Notes to Condensed Financial Statements (Unaudited)

Note 1 - Organization and Nature of Business Operations

Camden Learning Corporation (the "Company") is a blank check company incorporated in the state of Delaware on April 10, 2007 for the purpose of effecting a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination with one or more operating businesses in the education industry. In April 2007, the Company issued 1,562,500 shares of common stock to the Initial Stockholders for an aggregate amount of $25,000. The Company is 20.4% owned by Camden Learning, LLC, whose members are Camden Partners Strategic Fund III, LP and Camden Partners Strategic Fund III-A, LP (see Note 4).

At June 30, 2008, the Company had not commenced any operations. All activity through June 30, 2008 relates to the Company's formation, initial public offering (the "Offering") and efforts to identify prospective target businesses described below and in Note 3. The Company has selected December 31 as its fiscal year end.

The financial statements give retroactive effect to a common stock split in the form of a stock dividend of 0.3888888 shares of common stock for each outstanding share of common stock declared and paid as of November 20, 2007.

The registration statement for the Offering was declared effective November 29, 2007. The Company consummated the Offering on December 5, 2007 and received proceeds of $45,992,852, net of underwriting discounts and commissions of $3,500,000 (including $1,500,000 of deferred underwriting discounts and commissions placed in the trust account pending completion of a business combination). In addition, on December 19, 2007 the underwriters for the Offering exercised a portion of their over-allotment option, generating proceeds of $2,799,672, net of underwriting discounts and commissions of $210,728 (including $90,312 of deferred underwriting discounts and commissions placed in the trust account pending completion of a business combination). The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be applied toward effecting a merger, capital stock exchange, stock purchase, asset acquisition or other similar business combination with one or more operating businesses in the education industry. As used herein, a "Business Combination" shall mean the merger, capital stock exchange, asset acquisition or other similar business combination with one or more operating businesses in the education industry having, collectively, a fair market value of at least 80.0% of the amount in the Company's trust account, less the deferred underwriting discount and commissions and taxes payable at the time of such transaction.

The trust account is maintained by Continental Stock Transfer & Trust Company, as Trustee, and is invested in the Morgan Stanley Government Institutional Fund. The portfolio invests in short-term debt securities issued by the U.S. government and its federal agencies, including: U.S. Treasury obligations; Federal agency securities; and repurchase agreements collateralized by the obligations of the U.S. government and its agencies and instrumentalities.

Upon the closing of the Offering, the Over-Allotment Option Exercise by the underwriters and the private placement of warrants (see Note 4), $52,389,984 was placed in a trust account invested until the earlier of (i) the consummation of the Company's initial Business Combination or (ii) the dissolution of the Company. The proceeds in the trust account include the deferred underwriting discount of $1,590,312 that will be released to the underwriters if the initial Business Combination is completed (subject to a $0.24 per share reduction for public stockholders who exercise their redemption rights). Interest (after income taxes) earned on assets held in the trust account will remain in the trust. However, up to $600,000 of the interest earned on the trust account, and amounts required for payment of income taxes on interest earned, may be released to the Company to cover a portion of the Company's operating expenses and expenses incurred in connection with the Company's dissolution and liquidation, if a Business Combination is not consummated.

The Company will seek stockholders' approval before it will affect the initial Business Combination. In connection with the stockholder vote required to approve the initial Business Combination, the Company's holders of common stock prior to the Offering including all of the Company's officers and directors, have agreed to vote the shares of common stock owned by them prior to the Offering in accordance with the majority of the shares of common stock voted by the Public Stockholders. "Public Stockholders" is defined as the holders of common stock sold as part of the units in the Offering or in the aftermarket. The Company will proceed with the initial Business Combination only if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of such Business Combination and Public Stockholders owning less than 30% of the shares sold in the Offering exercise their right to convert their shares into a pro rata share of the aggregate amount then on deposit in the trust account. If a majority of the shares of common stock voted by the Public Stockholders are not voted in favor of a proposed initial Business Combination but 24 months has not yet passed since the date of the prospectus, the Company may combine with another Target Business meeting the fair market value criterion described above.

Public Stockholders voting against a Business Combination will be entitled to redeem their stock for a pro rata share of the total amount on deposit in the trust account including the $0.24 per share deferred underwriter's compensation, and including any interest earned net of income taxes on their portion of the trust account, net of up to $600,000 of the interest earned on the trust account which may be released to the Company to cover a portion of the Company's operating expenses. Public Stockholders who convert their stock into their share of the trust account will continue to have the right to exercise any Warrants they may hold.

If holders of more than 20% of the shares sold in the Offering vote against a proposed Business Combination and seek to exercise their redemption rights and the Business Combination is consummated, the Company's initial stockholders have agreed to forfeit, on a pro rata basis, a number of the initial 1,562,500 shares of the Company's common stock purchased, up to a maximum of 112,997 shares, so that the initial stockholders will collectively own no more than 23.81% (without regard to any purchase of units in the Offering, any open market purchases or private purchases of units directly from the Company) of the Company's outstanding common stock immediately prior to the consummation of the Business Combination.

The Company's amended and restated certificate of incorporation filed with the State of Delaware includes a requirement that the initial Business Combination be presented to Public Stockholders for approval; a prohibition against completing a Business Combination if 30% or more of the Company's Public Stockholders exercise their redemption rights in lieu of approving a Business Combination; a provision giving Public Stockholders who vote against a Business Combination the right to redeem their shares for a pro rata portion of the trust account in lieu of participating in a proposed Business Combination; and a requirement that if the Company does not consummate a Business Combination within 24 months from the date of the prospectus for the Offering, the Company will dissolve and liquidate, including liquidation of the trust account for the benefit of the Public Stockholders. The amended and restated certificate of incorporation includes a limitation on the Company's corporate existence of November 29, 2009.

The Company will dissolve and promptly distribute only to its Public Stockholders the amount in the trust account, less any income taxes payable on interest income, plus any remaining net assets if the Company does not affect a Business Combination within 24 months after consummation of the Offering.

In the event of dissolution, 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 3).

The Company's initial stockholders placed the shares they owned before the Offering into an escrow account, and with limited exceptions, these shares will not be transferable and will not be released from escrow until one year after consummation of a Business Combination. If the Company is forced to dissolve or liquidate, these shares will be cancelled. Additionally, the insider warrants (see Note 3) have been placed into the escrow account, and subject to limited exceptions, will not be transferable and will not be released from escrow until the 90^{th} day following the completion of a Business Combination.

Note 2 - Interim Financial Information

The Company's unaudited condensed interim financial statements as of June 30, 2008 and for the period from April 10, 2007 (date of inception) through June 30, 2008, have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operation results for the interim period presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the period ended December 31, 2007 included in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 28, 2008. The December 31, 2007 balance sheet and the changes in stockholders' equity through December 31, 2007 have been derived from those audited financial statements. The accounting policies used in preparing these unaudited financial statements are consistent with those described in the December 31, 2007 audited financial statements.

Note 3 - Initial Public Offering

On December 5, 2007, the Company sold to the public 6,250,000 units ("Units") at a price of $8.00 per unit. Each Unit consists of one share of the Company's common stock, $.0001 par value, and one warrant. Each warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of $5.50 commencing the later of the completion of a Business Combination with a Target Business or one year from the date of the prospectus for the Offering and expiring four years from the date of the prospectus, unless earlier redeemed. The warrants will be redeemable at the Company's option, at a price of $0.01 per warrant upon 30 days' written notice after the warrants become exercisable, only in the event that the last price of the common stock is at least $11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given.

In accordance with the Warrant Agreement related to the warrants (the "Warrant Agreement"), the Company is only required to use its best efforts to effect the registration of the shares of common stock underlying the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise.

Additionally, in the event that a registration statement is not effective at the time of exercise, the holder of a warrant shall not be entitled to exercise such warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the warrants may expire unexercised.

On December 19, 2007 the Company sold an additional 376,300 Units pursuant to the Over-Allotment Option Exercise.

The Company sold to the underwriters, for $100, an option to purchase up to a total of 625,000 units exercisable on a cashless basis at $9.60 per unit commencing one year from the date of the prospectus and expiring five years from the date of the prospectus. The units issuable upon exercise of this option are identical to those that were sold in the Offering, except that the warrants in these units have an exercise price of $6.71. The sale of the option was accounted for as a cost attributable to the Offering. Accordingly, there was no net impact on the Company's financial position or results of operations, except for the recording of the $100 proceeds from the sale. The Company has estimated, based upon a Black-Scholes model, that the fair value of the option on the date of sale would be approximately $2,430,000, using an expected life of five years, volatility of 59.4%, and a risk-free interest rate of 3.08%. However, because the units do not have a trading history, the volatility assumption is based on information currently available to the Company. The Company believes the volatility estimate calculated is a reasonable benchmark to use in estimating the expected volatility of the units. The volatility calculation is based on the most recent trading day average volatility of publicly traded companies providing educational services with market capitalizations less than $500 million. Although an expected life of five years was used in the calculation, if the Company does not consummate a Business Combination within the prescribed time period and automatically dissolves and subsequently liquidates the trust account, the option will become worthless.

Note 4 - Note Payable to Affiliate and Related Party Transactions

The Company issued a $200,000 unsecured promissory note to Camden Learning, LLC, an affiliate, on April 26, 2007. The note was interest bearing at an annual rate of 4.9% and both principal and interest were payable on the earlier of April 26, 2008 or the consummation of the Offering of the Company. The note was fully repaid on December 5, 2007 and no further amounts are due.

On April 26, 2007 the note was recorded as a liability in the amount of $182,431, net of a discount in the amount of $17,569, which has been credited to additional paid-in capital, based on an imputed interest rate of 15% per annum. The $17,569 discount was accreted by charges to interest expense over the term of the note using the interest method. The amount of interest expense recorded through December 5, 2007 totaled $23,556, including amounts accrued at 4.9% per annum. In its computations of the discount on the note, the Company considered that the loan was unsecured, the Company had no operations and the Company would be able to repay the loan only in the event of a successful public offering, as to which there could be no assurance. In making its computation, the Company also considered the related party nature of the note, the below-market stated interest rate, the equity-like risks associated with the note and the higher interest rates commonly associated with bridge financings.

The Company has agreed to pay up to $7,500 a month in total for certain general and administrative services, including but not limited to receptionist, secretarial and general office services, to Camden Partners Holdings, LLC. Services commenced on November 29, 2007 and will terminate upon the earlier of (i) the completion of the Company's Business Combination or (ii) the Company's dissolution.

On November 29, 2007, Camden Learning, LLC purchased warrants to acquire 2,800,000 shares of Common Stock from the Company at a price of $1.00 per warrant for a total of $2,800,000 in a private placement prior to the completion of the Offering. The terms of these warrants are identical to the terms of the warrants issued in the Offering, except that these insider warrants will not be subject to redemption and may be exercised on a cashless basis, in each case if held by the initial holder thereof or its permitted assigns, and may not be sold, assigned or transferred prior to the 90th day following consummation of a Business Combination. The holder of these insider warrants will not have any right to any liquidation distributions with respect to shares underlying these warrants if the Company fails to consummate a Business Combination, in which event these warrants will expire worthless.

Camden Learning, LLC has agreed to indemnify the Company for claims of creditors that have not executed a valid and binding waiver of their rights to seek payments of amounts due to them out of the trust account.

The Company’s principal stockholder has entered into an agreement with the underwriter pursuant to which it will place limit orders to purchase up to an additional $4,000,000 of the Company’s common stock in the open market commencing the later of (i) ten business days after the Company files its current report on Form 8-K announcing its execution of a definitive agreement for a Business Combination and (ii) 60 calendar days after the end of the restricted period in connection with the Offering, as defined under the Securities Exchange Act of 1934, and ending on the business day preceding the record date of the stockholders’ meeting at which a Business Combination is to be approved. In the event the Company’s principal stockholder does not purchase $4,000,000 of the Company’s common stock in the open market, the stockholder has agreed to purchase from the Company in a private placement a number of units identical to the units to be sold in the Offering at a purchase price of $8.00 per unit until it has spent, together with the aforementioned open market purchases, an aggregate of $4,000,000 for purchase of the Company’s common stock.

Note 5 - Common Stock Subject to Possible Redemption

The Company will not proceed with a Business Combination if Public Stockholders owning 30% or more of the shares sold in the Offering vote against the Business Combination and exercise their redemption rights. Accordingly, the Company may affect a Business Combination only if stockholders owning one share less than 30% of the shares sold in this Offering exercise their redemption rights. If this occurred, the Company would be required to redeem for cash up to one share less than 30% of the 6,626,300 shares of common stock sold in the Offering, or 1,987,889 shares of common stock, at a per-share redemption price of $7.92 (plus a portion of the interest earned on the trust account, but net of (i) taxes payable on interest earned and (ii) up to $600,000 of interest income released to the Company to fund its working capital), which includes $0.24 per share of deferred underwriting discount and commissions which the underwriters have agreed to forfeit to pay redeeming stockholders.

Note 6 - Commitments

The Company entered into an engagement agreement with a consultant on June 23, 2008. The consultant will provide financial advisory services to the Company in connection with a potential transaction with certain predetermined entities. The Company is obligated to pay the consultant 1.5% of the Transaction Value (as defined in the engagement agreement), provided, however, the aggregate Transaction Fee shall not be less than $1,000,000 in the event a transaction is completed with any of the predetermined entities. The Company also agreed to reimburse the consultant for its reasonable business expenses in connection with services rendered. The agreement is on a month-to-month basis. Upon termination, no party shall have any liability to the other except that the consultant shall be entitled to its transaction fee if, within twelve (12) months from the date of termination of the agreement, the Company consummates a transaction with one of the predetermined entities.

Note 7 - Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.