

GuruNet CORP
Form 424B3
August 25, 2005

Filed Pursuant to Rule 424(b)(3)
File Number 333-123906

PROSPECTUS SUPPLEMENT NO. 7

**Prospectus Supplement No. 7 dated August 25, 2005
to Prospectus declared effective on April 21, 2005,
as supplemented by
Prospectus Supplement No. 1
dated May 11, 2005
Prospectus Supplement No. 2
dated May 12, 2005
Prospectus Supplement No. 3
dated May 17, 2005
Prospectus Supplement No. 4
dated July 19, 2005
Prospectus Supplement No. 5
dated July 28, 2005
Prospectus Supplement No. 6
dated July 28, 2005
(Registration No. 333-123906)**

GURUNET CORPORATION

This Prospectus Supplement No. 7 supplements our Prospectus dated April 21, 2005, as supplemented by Prospectus Supplement No. 1 dated May 11, 2005, Prospectus Supplement No. 2 dated May 12, 2005, Prospectus Supplement No. 3 dated May 17, 2005, Prospectus Supplement No. 4 dated July 19, 2005, Prospectus Supplement No. 5 dated July 28, 2005 and Prospectus Supplement No. 6 dated July 28, 2005. The shares that are the subject of the Prospectus have been registered to permit their resale to the public by the selling stockholders named in the Prospectus. We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering, other than the exercise price, if any, to be received upon exercise of the warrants and options referred to in the Prospectus. You should read this Prospectus Supplement No. 7 together with the Prospectus and Prospectus Supplements Nos. 1, 2, 3, 4, 5 and 6 thereto.

This Prospectus Supplement includes the following documents, as filed by us with the Securities and Exchange Commission:

- the attached Quarterly Report on Form 10-QSB of GuruNet Corporation for the fiscal quarter ended June 30, 2005

Our common stock is listed on the Nasdaq National Market under the symbol "ANSW."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Prospectus Supplement. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is August 25, 2005.

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

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 001-32255

GURUNET CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

98-0202855
(I.R.S. EMPLOYER IDENTIFICATION NO.)

Jerusalem Technology Park
Building 98
Jerusalem 91481 Israel

(ADDRESS INCLUDING ZIP CODE OF PRINCIPAL EXECUTIVE OFFICES)

+972-2-649-5000

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by an (X) whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes NO

Indicate by an (X) whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes NO

As of July 28, 2005, the registrant had outstanding 7,031,127 shares of Common Stock, \$0.001 par value per share.

PART I. FINANCIAL INFORMATION

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Cautionary Note regarding Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words “believe,” “expect,” “will,” “anticipate,” “intend,” “estimate,” “project,” “assume” or other similar expressions, although not all forward-looking statements contain these identifying words. All statements in this report regarding our future strategy, future operations, projected financial position, estimated future revenues, projected costs, future prospects, and results that might be obtained by pursuing management’s current plans and objectives are forward-looking statements. You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and speak only as of the date on

which this report was filed with the SEC. We expressly disclaim any obligation to issue any updates or revisions to our forward-looking statements, even if subsequent events cause our expectations to change regarding the matters discussed in those statements. Over time, our actual results, performance or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our stockholders. Many important factors that could cause such a difference are described in our most recent registration statement on Form SB-2 under the captions “Competition,” “Proprietary Rights” and “Risk Factors,” all of which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this report.

GuruNet Corporation (Formerly Atomica Corporation)
and Subsidiary
(A Development Stage Enterprise)

Interim Consolidated Financial Statements as of June 30, 2005

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GuruNet Corporation (Formerly Atomica Corporation)
and Subsidiary
(A Development Stage Enterprise)

Interim Consolidated Balance Sheets

| | June 30 2005 \$ (Unaudited) | December 31 2004 \$ (Audited) |
|--|--|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 2,630,378 | 1,565,415 |
| Investment securities | 16,800,000 | 5,850,000 |
| Receivables | 197,268 | 18,145 |
| Prepaid expenses | 387,342 | 259,674 |
| Total current assets | 20,014,988 | 7,693,234 |
| Long-term deposits (restricted) | 180,519 | 167,304 |
| Deposits in respect of employee severance obligations | 490,860 | 462,735 |
| Property and equipment, net | 366,468 | 305,804 |
| Other assets: | | |
| Intangible assets, net | 96,675 | 111,289 |
| Prepaid expenses, long-term | 111,535 | 147,000 |
| Deferred tax asset, long-term | 19,709 | 19,817 |
| Total other assets | 227,919 | 278,106 |
| Total assets | 21,280,754 | 8,907,183 |

See accompanying notes to the interim consolidated financial statements.

GuruNet Corporation (Formerly Atomica Corporation)
and Subsidiary
(A Development Stage Enterprise)

Interim Consolidated Balance Sheets (cont'd)

| | June 30 2005 \$ (Unaudited) | December 31 2004 \$ (Audited) |
|--|--|--|
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | 347,949 | 172,029 |
| Accrued expenses | 471,785 | 422,465 |
| Accrued compensation and benefits | 671,154 | 259,872 |
| Deferred revenues, short-term | 75,909 | 150,147 |
| Total current liabilities | 1,566,797 | 1,004,513 |
| Long-term liabilities: | | |
| Liability in respect of employee severance obligations | 577,155 | 531,224 |
| Deferred tax liability, long-term | 97,357 | 94,965 |
| Deferred revenues, long-term | 430,783 | 452,359 |
| Total long-term liabilities | 1,105,295 | 1,078,548 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock: \$0.01 par value; 1,000,000 shares authorized and 0 shares issued as of June 30, 2005 and December 31, 2004 | | |
| Common stock; \$0.001 par value; 30,000,000 shares authorized as of June 30, 2005 and December 31, 2004; 7,027,171 and 4,920,551 shares issued and outstanding as of June 30, 2005 and December 31, 2004, respectively | 7,028 | 4,921 |
| Additional paid-in capital | 62,369,098 | 47,488,072 |
| Deferred compensation | (37,019) | (45,146) |
| Accumulated other comprehensive loss | (27,418) | (27,608) |
| Deficit accumulated during development stage | (43,703,027) | (40,596,117) |
| Total stockholders' equity | 18,608,662 | 6,824,122 |
| Total liabilities and stockholders' equity | 21,280,754 | 8,907,183 |

See accompanying notes to the interim consolidated financial statements.

GuruNet Corporation (Formerly Atomica Corporation)
and Subsidiary
(A Development Stage Enterprise)

Interim Consolidated Statements of Operations

| | Three months ended June 30 | | Six months ended June 30 | | Cumulative from December 22, 1998 (inception) through June 30, 2005 \$ (Unaudited) |
|---|----------------------------|---------------------------|---------------------------|---------------------------|---|
| | 2005 \$ (Unaudited) | 2004 \$ (Unaudited) | 2005 \$ (Unaudited) | 2004 \$ (Unaudited) | |
| Revenue | 424,552 | 44,244 | 600,185 | 63,875 | 2,021,982 |
| Costs and expenses ⁽¹⁾: | | | | | |
| Cost of revenue | 231,416 | 119,231 | 439,959 | 275,758 | 3,991,727 |
| Research and development | 397,853 | 254,685 | 728,322 | 518,473 | 19,307,432 |
| Sales and marketing | 450,970 | 221,556 | 812,430 | 540,485 | 10,393,472 |
| General and administrative | 1,078,960 | 202,123 | 1,930,575 | 414,530 | 9,445,360 |
| Loss in connection with shut-down of operations | - | - | - | - | 1,048,446 |
| Total costs and expenses | 2,159,199 | 797,595 | 3,911,286 | 1,749,246 | 44,186,437 |
| Operating loss | (1,734,647) | (753,351) | (3,311,101) | (1,685,371) | (42,164,455) |
| Interest income (expense), net | 144,687 | (1,113,418) | 230,594 | (1,850,452) | (2,344,271) |
| Gain on extinguishment of debt | - | - | - | - | 1,493,445 |
| Other income (expense), net | (21,010) | (8,347) | (20,728) | (4,025) | (606,923) |
| Loss before income taxes | (1,610,970) | (1,875,116) | (3,101,235) | (3,539,848) | (43,622,204) |
| Income tax benefits (expenses) | 8,984 | 967 | (5,675) | (27,013) | (80,823) |
| Net loss | (1,601,986) | (1,874,149) | (3,106,910) | (3,566,861) | (43,703,027) |

| | | | | | |
|--|---------------|--------|---------------|--------|---------|
| Basic and diluted net loss per common share | (0.23) | (1.08) | (0.48) | (2.38) | (26.18) |
|--|---------------|--------|---------------|--------|---------|

| | | | | | |
|--|------------------|-----------|------------------|-----------|-----------|
| Weighted average shares used in computing basic and diluted net loss per common share | 6,986,768 | 1,727,373 | 6,512,508 | 1,498,698 | 1,669,260 |
|--|------------------|-----------|------------------|-----------|-----------|

(1) Includes stock based compensation and costs as follows:

| | | |
|--------------------------|---------------|-----|
| Research and development | 29,319 | 944 |
|--------------------------|---------------|-----|