UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2009

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 001-33720

HSW INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**33-1135689**
(State of Incorporation)	(I.R.S. Employer Identification Number)

One Capital City Plaza
3350 Peachtree Road, Suite 1600
Atlanta, GA 30326
(Address of principal executive offices, including zip code)

404-364-5823
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	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 ☒

At May 15, 2009, the number of common shares outstanding was 53,698,292.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

HSW INTERNATIONAL, INC. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(expressed in U.S. Dollars)

	March 31, 2009	December 31, 2008
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 16,052,101	$ 18,020,159
Trade accounts receivable, net	48,002	103,020
Prepaid expenses and other current assets	1,341,923	1,660,097
Total current assets	17,442,026	19,783,276
Property and equipment, net	681,139	727,311
Licenses to operate in China	2,150,000	2,150,000
Goodwill	1,925,944	1,972,944
Intangibles, net	1,634,931	1,676,122
Total assets	$ 23,834,040	$ 26,309,653
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 573,364	$ 554,673
Accrued expenses and other current liabilities	355,787	322,094
Advances from shareholder and affiliate	83,044	83,044
Total current liabilities	1,012,195	959,811
Deferred tax liability	873,420	873,420
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $.001 par value; 10,000,000 shares authorized, none issued	—	—
Common stock, $.001 par value; 200,000,000 shares authorized, 53,698,292 and 53,638,784 issued and outstanding at March 31, 2009 and December 31, 2008, respectively	53,699	53,639
Additional paid-in-capital	99,311,580	98,606,934
Accumulated other comprehensive income (loss)	2,296	(1,126)
Retained deficit	(77,419,150)	(74,183,025)
Total stockholders' equity	21,948,425	24,476,422
Total liabilities and stockholders' equity	$ 23,834,040	$ 26,309,653

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

HSW INTERNATIONAL, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(expressed in U.S. Dollars)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Operating revenue		
Social media	$ 79,607	$ —
Digital online publishing	46,723	44,837
Total revenue	126,330	44,837
Cost of services	388,528	325,272
Gross margin	(262,198)	(280,435)
Operating expenses		
Selling, general and administrative (including stock-based compensation expense of $704,706 and $1,290,321 in 2009 and 2008, respectively)	3,033,631	4,546,107
Depreciation and amortization	115,788	28,160
Total operating expenses	3,149,419	4,574,267
Operating loss	(3,411,617)	(4,854,702)
Other income (expense)		
Interest income	15,492	91,907
Other income	160,000	—
Total other income (expense)	175,492	91,907
Loss from continuing operations before income taxes	(3,236,125)	(4,762,795)
Income taxes	—	—
Loss from continuing operations	(3,236,125)	(4,762,795)
Loss from discontinued operations, net of income taxes	—	(133,526)
Net loss	$ (3,236,125)	$ (4,896,321)
Basic and diluted loss per share		
Loss from continuing operations	$ (0.06)	$ (0.09)
Net loss per share	$ (0.06)	$ (0.09)
Basic and diluted weighted average shares outstanding	53,614,866	51,027,422

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

HSW INTERNATIONAL, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
AND COMPREHENSIVE INCOME (UNAUDITED)
(expressed in U.S. Dollars)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2008	53,638,784	$ 53,639	$ 98,606,934	$ (1,126)	$ (74,183,025)	$ 24,476,422
Comprehensive loss:						
Net loss	—	—	—	—	(3,236,125)	(3,236,125)
Foreign currency translation	—	—	—	3,422	—	3,422
Total comprehensive loss						(3,232,703)
Restricted stock grants	80,000	80	(80)	—	—	—
Forfeited restricted stock	(20,492)	(20)	20	—	—	—
Stock-based compensation expense	—	—	704,706	—	—	704,706
Balance at March 31, 2009	53,698,292	$ 53,699	$ 99,311,580	$ 2,296	$ (77,419,150)	$ 21,948,425

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

HSW INTERNATIONAL, INC. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(expressed in U.S. Dollars)

	Three Months Ended March 31,	
	2009	2008
Cash flows from continuing operating activities:		
Net loss from continuing operations	$ (3,236,125)	$ (4,762,795)
Adjustments to reconcile net loss from continuing operations to net cash used in continuing operating activities:		
Stock-based compensation	704,706	1,290,321
Depreciation and amortization	115,788	28,160
Provision for doubtful accounts	(3,023)	—
Changes in operating assets and liabilities from continuing operations:		
Accounts receivable	58,041	(74,090)
Prepaid expenses and other current assets	365,174	(78,785)
Accounts payable, accrued expenses and other liabilities	52,384	765,148
Net cash used in continuing operating activities	(1,943,055)	(2,832,041)
Net cash used in discontinued operating activities	—	(521,430)
Net cash used in operating activities	(1,943,055)	(3,353,471)
Cash flows from investing activities:		
Purchases of property and equipment	(28,417)	(243,223)
Sale of INTAC legacy businesses	—	(4,300,000)
Merger related costs, net	—	(107,027)
Cash used in investing activities	(28,417)	(4,650,250)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	—	35,229,607
Proceeds of advance from shareholder	—	(72,927)
Cash provided by financing activities	—	35,156,680
Net change in cash and cash equivalents	(1,971,472)	27,152,959
Impact of currency translation on cash	3,414	198,565
Cash and cash equivalents at beginning of period	18,020,159	3,639,831
Cash and cash equivalents at end of period	$ 16,052,101	$ 30,991,355

Three Months Ended March 31,

	Three Months Ended March 31,	
	2009	2008
Supplemental disclosure of cash flow information		
Cash paid for taxes	$ —	$ —
Cash paid for interest	$ —	$ —
Other non-cash financing and investing activities		
Receipt of shares for sale of INTAC legacy businesses	$ —	$ 18,400,000

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

1. DESCRIPTION OF BUSINESS

Overview

HSW International, Inc. ("HSW International") is an online publishing company that develops and operates Internet businesses focused on providing consumers in the world's digital economies with locally relevant, high quality information and ways to connect with each other. Our international websites published under the HowStuffWorks brand provide readers in China and Brazil with thousands of articles about how the world around them works, serving as destinations for credible, easy-to-understand reference information. HSW International is the exclusive licensee in China and Brazil for the digital publication of translated content from HowStuffWorks.com, a subsidiary of Discovery Communications, Inc., and in China for the digital publication of translated content from World Book Inc., publishers of World Book Encyclopedia. Our DailyStrength brand, which we acquired on November 26, 2008, helps hundreds of thousands of readers share information and support on www.dailystrength.org, a comprehensive health-related social media website. We acquired DailyStrength in part to diversify our business and to publish another product that offers insight on highly relevant topics. We generate revenue primarily through the sale of online advertising on our websites.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements from continuing operations include the accounts of (1) HSWI, (2) our subsidiary HSW Brasil - Tecnologia e Informação Ltda., (3) HSW (HK) Inc. Limited, (4) Bonet (Beijing) Technology Limited Liability Company, (5) BoWenWang Technology (Beijing) Limited Liability Company, and (6) Daily Strength, Inc. The equity of certain of these entities is partially or fully held by citizens of the country of incorporation to comply with local laws and regulations.

The accompanying interim consolidated financial statements for the three months ended March 31, 2009, and 2008, are unaudited. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America for financial information have been omitted pursuant to the rules and regulations of Article 10 of SEC Regulation S-X. In the opinion of management, these consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Operating results for the three months ended March 31, 2009, are not necessarily indicative of results that may be expected for any other future interim period or for the year ending December 31, 2009. You should read the unaudited consolidated financial statements in conjunction with Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as with HSWI's consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

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

Recent Accounting Pronouncements

In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, *Partial Deferral of the Effective Date of SFAS 157*, which delayed the effective date of SFAS 157, *Fair Value Measurements,* for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until January 1, 2009. SFAS 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement would be determined based on the assumptions that market participants would use in pricing the asset or liability. The adoption of FSP 157-2 did not have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS 141(R), *Business Combinations*. SFAS 141(R) expands the definition of a business combination and requires the fair value of the purchase price of an acquisition, including the issuance of equity securities, to be determined on the acquisition date. SFAS 141(R) also requires that all assets, liabilities, contingent considerations, and contingencies of an acquired business be recorded at fair value at the acquisition date. In addition, SFAS 141(R) requires that acquisition costs generally be expensed as incurred, restructuring costs generally be expensed in periods subsequent to the acquisition date, and changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period impact income tax expense. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 with early adoption prohibited. The adoption of SFAS 141(R) will impact our consolidated financial statements when and if further acquisitions occur.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB 51*. SFAS 160 changes the accounting and reporting for minority interests such that minority interests will be recharacterized as noncontrolling interests and will be required to be reported as a component of equity, and requires that purchases or sales of equity interests that do not result in a change in control be accounted for as equity transactions and, upon a loss of control, requires the interest sold, as well as any interest retained, to be recorded at fair value with any gain or loss recognized in earnings. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008 with early adoption prohibited. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements.

3. ACQUISITION

On November 26, 2008, the Company acquired Daily Strength, Inc., a health-related social networking site, for $3.125 million before $0.17 million of expenses. The Company is contingently obligated to pay an earnout of up to an additional $3.525 million based on the achievement of certain page view targets.

Our acquisition of DailyStrength should allow us to further leverage our web publishing infrastructure, provide us with an opportunity to diversify our initial focus on the emerging economies and enter the healthcare digital market. The maturity of the online healthcare market provides us with additional access to digital revenues and the ability to enter the social networking space with relevant and useful content for individuals who share common concerns.

Allocation of Purchase Price

The application of purchase accounting under SFAS 141 requires that the total purchase price be allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date. The allocation process requires an analysis of customer relationships, contractual commitments and legal contingencies to identify and record the fair value of all assets acquired and liabilities assumed. In valuing acquired assets and assumed liabilities, fair values are based on, but are not limited to: future expected cash flows; current replacement cost for similar capacity for certain fixed assets; and appropriate discount rates and growth rates. We are in the process of finalizing the valuations of certain assets and liabilities; therefore, the allocation of the purchase price is subject to refinement.

We assigned the goodwill resulting from the acquisition to our Social Media segment. The goodwill and intangible assets acquired are not tax-deductible. The deferred tax liabilities related to finite-lived intangible assets will be reflected as a tax benefit in the consolidated statements of income in proportion to and over the amortization period of the related intangible assets.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (dollars in thousands):

Cash and cash equivalents	$	77
Trade accounts receivable		12
Prepaid expenses and other current assets		5
Property and equipment		30
Website trade name (indefinite life)		988
Non-compete agreement (3 year life)		354
Website features (7 year life)		151
Website content (6 year life)		117
Member relationships (11 year life)		63
Goodwill		1,973
Assets acquired		3,770
Accounts payable and other liabilities		(142)
Deferred tax liabilities		(336)
Net assets acquired	$	3,292

4. SEGMENTS

SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments. This standard requires segmentation based on our internal organization and reporting of revenue and operating income based upon internal accounting methods. Our financial reporting systems present various data for management to operate the business, including internal profit and loss statements. The segments are designed to allocate resources internally and provide a framework to determine management responsibility. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. Because of our integrated business structure, operating costs included in one segment can benefit other segments, and therefore these segments are not designed to measure operating income or loss directly related to the products included in each segment. Reconciling amounts include adjustments to conform with U.S. GAAP and corporate-level activity not specifically attributed to a segment. Corporate expenses include, among other items: corporate-level general and administration costs, technology costs and on-going maintenance charges; share-based compensation expense related to stock and stock option grants; depreciation and amortization expense; interest expense and income; and charges related to acquired content not yet published on our sites.

The Company conducts business in two operating segments: (1) Social Media; and (2) Digital Online Publishing. Our Social Media segment is comprised of our DailyStrength operations, which generate revenues from the advertisers based primarily in the United States. Our Digital Online Publishing segment consists of our websites in Brazil and China and generates revenues from advertisers based in the respective countries.

Revenue, operating loss and total assets regarding operating segments are presented in the following tables:

	Three Months Ended March 31,			
	2009		2008	
Revenue:				
Social media	$	79,607	$	—
Digital online publishing		46,723		44,837
Total revenue	$	126,330	$	44,837

Total revenue	$	[illegible]	$	44,857
Operating loss:				
Social media	$	(320,652)	$	—
Digital online publishing		(473,288)		(832,117)
Business segments		(793,940)		(832,117)
Corporate		(2,617,677)		(4,022,585)
Total operating loss	$	(3,411,617)	$	(4,854,702)

		March 31, 2009		December 31, 2008
Total assets:				
Social media	$	3,623,816	$	3,784,945
Digital online publishing		585,452		731,371
Business segments		4,209,268		4,516,316
Corporate		19,624,772		21,793,337
Total assets	$	23,834,040	$	26,309,653

5. STOCKHOLDERS' EQUITY

Stock Based Compensation

Under the 2006 Equity Incentive Plan adopted April 13, 2006 (the "Plan"), HSWI authorized 8,000,000 shares for grant as part of a long term incentive plan to attract, retain and motivate its eligible executives, employees, officers, directors and consultants. Options to purchase common stock under the Plan have been granted to our officers and employees with an exercise price equal to the fair market value of the underlying shares on the date of grant.

On March 25, 2009, we granted 80,000 shares of restricted stock to four members of the Board of Directors. The grant date fair value was $0.18 per share. The restricted stock vests on December 31, 2009. As of March 31, 2009, unrecognized compensation expense relating to non-vested restricted stock approximated $14,000 and is expected to be recognized by December 2009.

In accordance with SFAS 123(R), we measure stock-based compensation cost at the grant date based on the fair value of the award, and recognize it as an expense over the requisite service period. Stock-based compensation expense for the three months ended March 31, 2009 and 2008 was approximately $0.7 million and $1.3 million, respectively. As of March 31, 2009, unrecognized compensation expense relating to non-vested stock options approximated $1.1 million that we expect to recognize through 2011. During the three months ended March 31, 2009, no options were granted, forfeited, expired or exercised. Through March 31, 2009, no options had been exercised under this plan.

The grant date fair value of options vested during the three months ended March 31, 2009, was $0.4 million.

Earnings per Share

The following is a reconciliation of the numerators and denominators of our basic and diluted earnings per share computations:

	Three Months Ended March 31,			
		2009		2008
Loss per share:				
Loss from continuing operations	$	(3,236,125)	$	(4,762,795)
Loss from discontinued operations		—		(133,526)
Net loss	$	(3,236,125)	$	(4,896,321)
Weighted average shares outstanding		53,614,866		51,027,422
Basic and diluted loss per share				
Loss from continuing operations	$	(0.06)	$	(0.09)
Loss from discontinued operations		—		—
Net loss	$	(0.06)	$	(0.09)
Weighted average shares outstanding		53,614,866		51,027,422
Dilutive stock options		—		—
Total common shares and dilutive securities		53,614,866		51,027,422

We did not include stock options, restricted stock and warrants in the diluted earnings per share calculation above because they were anti-dilutive.

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

Cautionary Statement Regarding Forward-Looking Information

The following Management's Discussion and Analysis of our Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and notes thereto included as part of this Form 10-Q. This Form 10-Q contains forward-looking statements based on current expectations. We sometimes identify forward-looking statements with such words as "may", "will", "expect", "anticipate", "estimate", "seek", "intend", "believe" or similar words concerning future events. The forward-looking statements contained herein include, without limitation, statements concerning future revenue sources and concentration, gross profit margins, selling, general and administrative expenses, capital resources, and the effects of general industry and economic conditions and are subject to risks and uncertainties including, but not limited to, those discussed below and elsewhere in this Form 10-Q that could cause actual results to differ materially from the results contemplated by these forward-looking statements. Relevant risks and uncertainties include those referenced in our filings with the SEC, and include but are not limited to: reliance on third parties for content; economic and industry conditions specific to Brazil and China, such as the state of their telecommunications and internet infrastructure and uncertainty regarding protection of intellectual property; challenges inherent in developing an online business in Brazil and China, including obtaining regulatory approvals and adjusting to changing political and economic policies; governmental laws and regulations, including unclear and changing laws and regulations related to the internet sector in China; general industry conditions and competition; general economic conditions, such as interest rate and currency exchange rate fluctuations; and restrictions on intellectual property under agreements with third parties. We also urge you to carefully review the risk factors set forth in other documents we file from time to time with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2008.

Business Overview and Recent Events

HSW International is an online publishing company that develops and operates Internet businesses focused on providing consumers in the world's digital economies with locally relevant, high quality information and ways to connect with each other. Our international websites published under the HowStuffWorks brand provide readers in China and Brazil with thousands of articles about how the world around them works, serving as destinations for credible, easy-to-understand reference information. HSW International is the exclusive licensee in China and Brazil for the digital publication of translated content from HowStuffWorks.com, a subsidiary of Discovery Communications, Inc., and in China for the digital publication of translated content from World Book Encyclopedia. Our DailyStrength business helps hundreds of thousands of readers share information and support on www.dailystrength.org, a comprehensive health-related social media website. We generate revenue primarily through the sale of online advertising on our websites.

Business Trends

Much of our business consists of websites which were recently established or acquired. We expect that our business will grow as these websites achieve greater awareness within their markets, resulting in increased usage against which we can sell advertising. While significant online advertising markets exist in the United States and Brazil, we believe it will take additional time for meaningful online advertisement rates to develop in China.

Our Brazilian website *ComoTudoFunciona*, which launched in March 2007, is our most mature business. The number of page views for *ComoTudoFunciona* has grown by 55% during the first quarter of 2009 compared to the same period in 2008. Additionally, the number of unique visitors to the website have increased by 38% for the same periods. We expect to see continued growth in the number of users and page views, which we believe will result in increased revenues.

Our Chinese website *BoWenWang* launched in June 2008, and early results show usage development consistent with a recently-launched website. Unlike in Brazil, where we established our website with significant promotional commitments from one of the country's largest Internet portals, *BoWenWang* launched with a focus on organic traffic development which has resulted in initial usage trending below that in Brazil. We believe that by focusing on developing business relationships to further the exposure of the website, we will be able to continue to grow usage. However, the current economic environment in China and the rate of development of its Internet advertising market could negatively affect the growth rate of our revenues for our Chinese business.

We acquired our DailyStrength website in November 2008. Trends are not yet available for this business due to the brief time which it has been under our control. Since the acquisition, our operating focus has been establishing infrastructure and developing enhancements for the website.

Both seasonal fluctuations in Internet usage and traditional retail seasonality have affected, and are likely to continue to affect, our business. Internet usage generally slows during the summer months, and expenditures by advertisers typically increase in the fourth quarter of each year. These seasonal trends have caused and will likely continue to cause, fluctuations in our quarterly results.

The advertising market overall declined in 2008 and the first quarter of 2009 due to the global economic downturn. This decline affected online advertising expenditures as well, and has resulted in lower revenue for our business than expected. The economic environment may cause advertisers to continue to reduce the amount they spend on online advertising, which could negatively affect the growth rate of our revenues.

Recognizing the difficultly of the economic environment, we have reduced operating expenses in 2009 to better align spending with expectations for growth. We continue to invest in building the necessary employee and systems infrastructures required to manage our growth and develop and promote our products and services. Additionally, we will maintain an awareness of the alignment of our costs and revenues, and make operating adjustments as necessary to best position HSW International for success.

Business Development

On November 26, 2008, we acquired DailyStrength to diversify our business. This acquisition provides us with a footprint in the US healthcare market and we believe this addition is synergistic to our existing technology. The DailyStrength acquisition extends HSW International's proven publishing platform with social networking applications and communities. DailyStrength hosts more than 500 communities focused on issues such as weight loss, divorce, parenting and illnesses. Users of the site both read and interact with high-quality, reference information. The site features health journals, discussion forums, virtual hugs, member-created groups and treatment reviews, plus unique content provided on a daily basis by physicians and other health professionals.

Our Operations

ComoTudoFunciona – HowStuffWorks Brazil
We entered the Brazilian online publishing market in March 2007. At March 31, 2009, we had approximately 5,700 articles that were either (i) articles from the HowStuffWorks content database translated from English to Portuguese, or (ii) originally created content. The web site address is http://hsw.com.br/. We are continuing the development of our business strategy in Brazil as we continue to expand by (i) adding original proprietary digital content designed to meet the information needs of the Brazilian online community, (ii) expanding the amount of translated content from HowStuffWorks, and (iii) refining local marketing strategies. We recognized approximately $47,000 and $45,000 of revenue from our Brazilian operations during the three months ended March 31, 2009 and 2008, respectively.

BoWenWang – HowStuffWorks China
In June 2008, we entered China's online publishing market utilizing a combination of the contributed assets from HowStuffWorks with the benefit of INTAC's relationships and knowledge of the Chinese markets in obtaining our internet licenses. In September 2008, we announced an exclusive content partnership with World Book, Inc. In 2009, World Book will create thousands of original Chinese-language articles providing information on all branches of knowledge, including arts, sciences, history, technology, mathematics, sports and recreation, exclusively for HSW International's Beijing-based website, BoWenWang (http://www.bowenwang.com.cn/). At March 31, 2009, we published approximately 5,200 articles on our Chinese website. No revenue was generated from the operations based in China during the three months ended March 31, 2009.

DailyStrength
We are developing our business strategy for DailyStrength, or DS, with emphasis on expanding its offerings, in addition to integrating the best of DailyStrength's social media technologies into HSW International's web publishing platform. DailyStrength.org offers content authored by medical professionals based on current topics, support groups, a treatment directory with definitions, private messaging, one-on-one chat forums and personal goal trackers, and primarily serves English-speaking territories, such as the United States, Canada, Australia and the United Kingdom. The medical panel of professionals contributes articles and journals providing insight to a number of topics relevant to the DS user group and communities. DailyStrength and its user group create online communities and support services to help people cope with health, stress and other challenges of modern life – issues that people the world over face daily.

Results of Operations

The following table sets forth our operations for the three months ended March 31, 2009 and 2008.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Operating revenue		
Social media	$ 79,607	$ —
Digital online publishing	46,723	44,837
Total revenue	126,330	44,837
Cost of services	388,528	325,272
Gross margin	(262,198)	(280,435)
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Business segments	(793,940)	(832,117)
Corporate	(2,617,677)	(4,022,585)
Total operating loss	(3,411,617)	(4,854,702)
Other income (expense)		
Interest income	15,492	91,907
Other income	160,000	—
Total other income (expense)	175,492	91,907
Loss from continuing operations before income taxes	(3,236,125)	(4,762,795)
Income taxes	—	—
Loss from continuing operations	(3,236,125)	(4,762,795)
Loss from discontinued operations, net of income taxes	—	(133,526)
Net loss	$ (3,236,125)	$ (4,896,321)

Segment Data
We monitor and analyze our financial results on a segment basis for reporting and management purposes, as is presented in Note 4 to our Consolidated Financial Statements hereto. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

Our Social Media segment is comprised of our DailyStrength operations which generate the majority of its revenues from the advertisers based in the United States. Our Digital Online Publishing segment consists of our Brazil and China based websites and generates revenues from advertisers in the respective countries.

Revenue
Total revenue for the three months ended March 31, 2009 was $126,330, an increase of $81,493 compared to the three months ended March 31, 2008. This increase reflects the addition of DailyStrength to our portfolio of websites. Revenue generated from our Social Media segment and Digital Online Publishing segment was $79,607 or 63% and $46,723 or 37%, respectively, of total revenue for the first quarter of 2009. For the three months ended March 31, 2009, approximately 73% of revenue from the Digital Online Publishing segment was generated from paid-for-impression advertising and 27% was generated from pay-per-performance ads, from our Brazil-based website. Due to its recent launch, no revenue was recognized in the Digital Online Publishing segment from China during the three months ended March 31, 2009 and 2008.

Cost of Services
Cost of services includes the ongoing third-party costs to translate, localize and enhance articles from English to Portuguese and Mandarin Chinese, as well as, costs incurred to acquire original articles written by medical experts and other third parties, as well as site development charges. Article acquisition and translation costs were approximately $389,000 for the three months ended March 31, 2009 and represent articles acquired for future publication on our websites. Article acquisition and article translation costs vary due to the volume of new content deployed on our site during any quarter. These costs are not easily compared to the same quarter of the prior year due to varying needs and timing which determine the number of articles to be published.

Operations - Selling, General and Administrative Expenses
Our total selling, general and administrative expenses decreased by $1.5 million from $4.5 million to $3.0 million for the three months ended March 31, 2009 from the comparable period in 2008. The decrease is primarily attributable to a $0.9 million decrease in consulting, legal and accounting expenses associated with the INTAC legacy businesses disposition during the first quarter of 2008. Additionally, our stock-based compensation expense was $0.6 million less than the same period in 2008 as the amount reflected in the prior year was based on vesting during the year of options at exercise prices ranging from $6.50 per share to $7.10 per share, reflecting our higher stock price in earlier periods when the options were granted.

Operating Loss
Not including our corporate level operating loss of $2.6 million, our operating loss was $0.3 million for the Social Media segment and $0.5 million for the Digital Online Publishing segment.

Other Income (Expense)
Total other income (expense) increased approximately $84,000 for the three months ended March 31, 2009, respectively, compared to the same period in 2008. This increase reflects a contract termination payment from a former customer and is classified as Other Income herein. The decrease in interest income reflects a decrease in cash on hand and a decrease in bank interest rates.

Discontinued Operations - INTAC Legacy Businesses
The $0.5 million loss from discontinued operations was reduced by a $0.4 million gain upon final disposition on February 29, 2008.

Liquidity and Capital Resources

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Change from Previous Period Dollars	Change from Previous Period Percent
Cash flows				
Used in operating activities	$ (1,943,055)	$ (3,353,471)	$ 1,410,416	42%
Used in investing activities	(28,417)	(4,650,250)	4,621,833	99%
Provided by financing activities	—	35,156,680	(35,156,680)	(100)%
Net change in cash and cash equivalents	(1,971,472)	27,152,959	(29,124,431)	(107)%
Impact of currency translation on cash	3,414	198,565	(195,151)	(98)%
Cash and cash equivalents at beginning of period	18,020,159	3,639,831	14,380,328	395%
Cash and cash equivalents at end of period	$ 16,052,101	$ 30,991,355	$ (14,939,254)	(48)%

Cash and cash equivalents was $16.1 million at March 31, 2009, compared to $18.0 million at December 31, 2008. The decrease in cash is primarily due to the use of working capital to fund operations.

Cash flows from operations
Our net cash used in operating activities during the three months ended March 31, 2009 decreased by $1.4 million compared to the same period in the prior year. The decrease was due to a $0.9 million decrease in consulting, legal and accounting expenses associated with the INTAC legacy businesses disposition during the first quarter of 2008 and net cash used in discontinued operating activities of $0.5 million for the three months ended March 31, 2008.

Cash flows from investing activities
During the three months ended March 31, 2009, net cash used in investing activities was approximately $28,000 compared to $4.7 million in the same period of 2008. Cash used in investing activities during the three months ended March 31, 2008 includes $4.3 million of cash used in conjunction with the sale of our INTAC legacy businesses, and $0.2 million invested in building our technology environment and infrastructure.

Cash flows from financing activities
For the three months ended March 31, 2008, net cash provided by financing activities was approximately $35.2 million as a result of the proceeds we received from the sale of our common stock during the first quarter of 2008.

At any point in time, the Company might have significant cash in its operating accounts with third party financial institutions that exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. While the Company monitors daily the cash balances in its operating accounts and adjusts the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or be subject to other adverse conditions in the financial markets. To date the Company has experienced no loss or lack of access to cash in its operating accounts. The Company has a corporate banking relationship with Bank of America, N.A.

We expect to expend significant resources in expanding and gaining market share for our internet platforms in Brazil and China and to develop our healthcare social networking strategy, including up-front expenditures to create or acquire content. These expenditures will be made in the respective markets based on our success and anticipated market conditions and trends. We expect that most of these expenditures will be paid or under commitment before we begin to realize significant revenues. We believe that our current cash balance and expected cash generated from future operations will be sufficient to fund operations for longer than the next twelve months. If cash on hand and generated from operations is insufficient to satisfy our working capital and capital expenditure requirements, we might sell additional equity or obtain bank financing to fund further development and attain profitability. There is no assurance that such financing will be available or that we will be able to complete financing on satisfactory terms, if at all.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We translate the foreign currency financial statements of our international operations into U.S. dollars at current exchange rates, except revenue and expenses, which we translate at average exchange rates during each reporting period. We accumulate net exchange gains or losses resulting from the translation of assets and liabilities in a separate section of stockholders' equity titled "accumulated other comprehensive income (loss)". Generally, our foreign expenses are denominated in the same currency as the associated foreign revenue and at this stage of development the exposure to rate changes is minimal.

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and accounts receivables. At March 31, 2009, 99% of our cash was denominated in U.S. dollars. The remaining 1% was denominated in Brazilian Reais, Chinese Rehminbi or Hong Kong Dollars. All our cash is placed with financial institutions we believe are of high credit quality. Our cash is maintained in bank deposit accounts, which, at times, exceed federally insured limits. We have not experienced any losses in such accounts and do not believe our cash is exposed to any significant credit risk.

We do not use financial instruments to hedge our foreign exchange exposure because the effects of the foreign exchange rate fluctuations are not currently significant. We do not use financial instruments for trading purposes. We do not use any derivative financial instruments to mitigate any of our currency risks. The net assets of our foreign operations at March 31, 2009, were approximately $0.6 million.

We have not entered into long-term agreements or borrowing arrangements with third parties under which any amounts were outstanding during 2009. Therefore, we do not believe we have any material exposure to market risk changes in interest rates.

We do not currently have any credit facilities and therefore are not subject to interest rate risk. Due to the nature of our short-term investments and our lack of debt, we have concluded that we face no material market risk exposure.

Item 4. Controls and Procedures

Our Vice Chairman and our Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this quarterly report. Based on that evaluation, the Vice Chairman and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to our management, including our Vice Chairman and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1A. Risk Factors.

This report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in this report. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report and in any documents incorporated in this report by reference.

We are in the early development of our business and prospects are difficult to evaluate.

We have no significant operating history, and limited experience in the Chinese and Brazilian markets. We are in the early development of our business, including the new strategy of entering the health social networking market with the DailyStrength acquisition in November 2008, with a limited operating history upon which investors and others can evaluate our current business and prospects. Our prospects must be considered in light of the many risks, uncertainties, expenses, delays, and difficulties frequently encountered by companies in their early stages of development. Some of the risks and difficulties we expect to encounter include our ability to:

- successfully commercialize and monetize the contributed and acquired assets;
- continue to raise additional working capital, the lack of which would likely have a significant negative impact on our long term business plan and our ability to take advantage of our strategic alliances and to successfully execute our expansion plan;
- manage our expense structure as a U.S. public company including, without limitation, compliance with the Sarbanes Oxley Act;
- manage the anticipated rise in operating expenses;
- manage and implement successfully new business strategies including, if applicable, new strategies resulting from the Discovery Merger and the accompanying changes to the agreements between HowStuffWorks and us;
- adapt and successfully execute our evolving and unpredictable business model, with which we will have only limited experience;
- establish and take advantage of contacts and strategic relationships;
- adapt to our potential diversification into other industries and geographic regions;
- manage and adapt to rapidly changing and expanding operations;
- implement and improve operational, financial and management systems and processes;
- respond effectively to competitive developments;
- attract, retain and motivate qualified personnel; and
- manage each of the other risks set forth in this report.

Because of our lack of operating history and the early stage of development of our business, we will have limited insight into trends and conditions that may exist or might emerge and affect our business, especially with respect to the online publishing market. We cannot be certain that our business strategy will be successful or that it will successfully address these risks. Any failure by us to successfully implement our new business plans could have a material adverse effect on our business, results of operations and financial condition.

We may not have sufficient liquidity to support the time required for our business to fully develop.

The Company is in the process of launching Internet businesses in three different markets, including publishing businesses in two emerging markets. We believe that our cash resources on hand are sufficient to fund these businesses for a period of not less than 21 months unless revenues increase significantly or we find other sources of capital, neither of which can be assured. Our management and directors continually evaluate our progress and likelihood of success in each of our markets, and our ability to raise additional capital, against the relative value of our resources and other opportunities. Accordingly, we might decide to suspend our activities in one or more of our markets in order to focus our limited resources in the other(s).

We may not succeed in marketing and monetizing our assets to potential customers or developing strategic partnerships for the distribution of our products and services.

Our plans to market and monetize our assets in the Chinese and Brazilian online markets through the Internet are new and unproven. Moreover, we will have limited experience in determining the pricing of the products and services that we plan to develop. Because we have never marketed or sold these products and services, we may not be successful in establishing a customer base or strategic partnerships for the distribution of our products and services. If we are not successful in developing, releasing and marketing these products and services on a profitable basis, our results of operations would be materially and adversely affected.

We do not have significant experience in the Brazilian and Chinese marketplaces. Additionally, we may not have the resources available to simultaneously develop operations in China and Brazil. Accordingly, there may be a delay in developing such operations or we might decide not to pursue these markets, which could affect our business plan and results of operations.

Through May 21, 2009, we have the option to acquire the exclusive digital publishing rights in India and Russia for the HowStuffWorks brand and certain content, in accordance with the same terms as we have for Brazil and China. Exercise of this option requires our issuing additional shares to HowStuffWorks. We have reviewed the cost of the option and the opportunities of the specific markets in question, and have decided at this time not to exercise the option.

The growth we seek is rare.

Substantial future growth will be required in order for us to realize our business objectives. Growth of this magnitude is rare. To the extent we are capable of growing our business as necessary, we expect that such growth will place a significant strain on our managerial, operational and financial resources. We must manage our growth, if any, through appropriate systems and controls in each of these areas. We must also establish, train and manage a larger work force. If we do not manage the growth of our business effectively, our business, results of operations and financial condition could be materially and adversely affected.

We face intense competition, which could have an adverse effect on our business, financial condition and results of operations.

The online publishing market is highly competitive. We encounter significant competition across our business lines and in each market in which we offer our products and services. In the online publishing market, we expect that our competitors will include national Internet portals in China such as Baidu, NetEase.com, Shanda Interactive Entertainment, Sina, sohu.com and tom.com; national websites in Brazil such as Terra and UOL; and health information websites in the U.S. like MedHelp.com and trusera.com, which will compete with us for online advertising revenue and end users. Many of our competitors have more experience, resources and visitors than us.

The sale of INTAC's Legacy Businesses, leaving our strategic focus on the online publishing, could have an adverse effect on our business, financial condition and results of operations.

INTAC's wireless handset distribution business accounted for approximately 95% of its total revenues for the third quarter of fiscal year 2007, and approximately 92% of its total revenues for the fiscal year ended September 30, 2006. We sold the INTAC Legacy Businesses in February 2008 which eliminates future revenues from the INTAC Merger. All future revenue will be derived from online publishing market and other future business strategies. There is no guarantee that we will be able to offset the sale of the wireless handset distribution business and the INTAC Legacy Businesses through comparable growth in our online publishing businesses.

Resales of our common stock and additional obligations to issue our common stock may cause the market price of our stock to fall.

We have registered for resale an aggregate of 33,634,192 shares of our common stock held by INTAC affiliates, HowStuffWorks and investors that participated in our equity financings, although HowStuffWorks agreed not to sell or otherwise transfer one-third of its shares until October 2008, one-third of its shares until April 2009 and one-third of its shares until October 2009. In addition, HowStuffWorks holds a warrant to purchase 250,000 shares of our common stock. The issuance of these new shares and the resale of additional shares of our common stock could depress the market price for our common stock.

Various factors could negatively affect the market price or market for our common stock

The market for and price of our common stock could be affected by the following factors:

- general market and economic conditions;
- our common stock has been thinly traded; and
- minimal third party research is available regarding our company.

Additionally, the terms of the Discovery merger provided that payment to HowStuffWorks shareholders for a significant portion of HowStuffWorks' ownership of our common stock would not be paid at the October 2007 closing of the transaction and instead will be payable to HowStuffWorks' former shareholders in three semi-annual installments beginning on October 2008, subject to the consent of the former shareholders' representative. Such payments will be in the form of cash or shares of HSWI stock now held by HowStuffWorks. Accordingly, the amount of shares of our common stock indirectly owned by Discovery in the future may fall or rise due to a combination of the potential distributions pursuant to the terms of the Discovery merger or our exercise of the options to publish HowStuffWorks content in local languages in Russia and India. All of our rights to publish HowStuffWorks content will remain effective regardless of the number of shares owned by HowStuffWorks in the future. If Discovery and HowStuffWorks' former shareholders' representative elect to distribute shares of our common stock to former HowStuffWorks shareholders, a significant number of shares may be sold by such shareholders relative to the daily market trading volumes for our common stock. While we intend to take reasonable measures aimed to ensure that any such potential sales are not disruptive to the market for our common stock, we cannot be certain as to the outcome.

These factors may similarly affect our common stock, and may have the effect of depressing the market price for our common stock or limiting the market for resale of our common stock.

Our internal control over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal control over financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objective will be met.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be satisfied. Internal control over financial reporting and disclosure controls and procedures are designed to give a reasonable assurance that they are effective to achieve their objectives. We cannot provide absolute assurance that all of our possible future control issues will be detected. These inherent limitations include the possibility that judgments in our decision making can be faulty, and that isolated breakdowns can occur because of simple human error or mistake. The design of our system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed absolutely in achieving our stated goals under all potential future or unforeseeable conditions. Because of the inherent limitations in a cost effective control system, misstatements due to error could occur and not be detected.

We may have additional tax liabilities if tax positions we have taken in prior years are challenged.

We and our subsidiaries are subject to taxes in the United States and various foreign jurisdictions. We believed that our tax returns appropriately reflected our tax liability when those tax returns were filed. However, our tax positions may be challenged by the applicable tax authorities. Any successful challenge to one or more of our prior tax positions could result in a material tax liability to us or to one or more of our subsidiaries, including INTAC, for one or more prior years.

The state of the Internet infrastructure in China and Brazil may limit our growth.

We rely on the Internet for certain aspects of our business, including the publication of content online and our Internet portals. The Internet infrastructures in China and Brazil are not well developed and are subject to regulatory control and, in the case of China, ownership by the Chinese government. The cost of Internet access is high relative to the average income in China. Failure to further develop these infrastructures could limit our ability to grow. Alternatively, as these infrastructures improve and Internet use increases, we may not be able to scale our systems proportionately. Our reliance on these infrastructures will make us vulnerable to disruptions or failures in service, without sufficient access to alternative networks and services. Such disruptions or failures could reduce our user satisfaction. Should these risks be realized, our ability to increase revenues and profitability would be impaired.

Our operations are vulnerable to natural disasters and other events.

While we believe we have adequate backup systems in place, we could still experience system failures and electrical outages from time to time in the future, which could disrupt our operations. All of our servers and routers are currently hosted in a single location, a Tier 4 data center. We do not have a documented disaster recovery plan in the event of damage from fire, floods, typhoons, earthquakes, power loss, and telecommunications failures, break ins and similar events. If any of the foregoing occurs, we may experience a temporary system shutdown. If there is significant disruption or damage to the data center hosting our web servers, our ability to provide access to our websites would be interrupted. We do not carry any business interruption insurance. Although we carry property insurance, our coverage may not be adequate to compensate us for all losses, particularly with respect to loss of business and reputation that may occur.

Our network operations may be vulnerable to hacking, viruses and other disruptions, which may make our products and services less attractive and reliable.

Internet usage of our products could decline if any well publicized compromise of our security occurs. "Hacking" involves efforts to gain unauthorized access to information or systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment. Hackers, if successful, could misappropriate proprietary information or cause disruptions in our service. We may be required to expend capital and other resources to protect our website against hackers. We cannot assure you that any measures we may take will be effective. In addition, the inadvertent transmission of computer viruses could expose us to a material risk of loss or litigation and possible liability, as well as materially damage our reputation and decrease our user traffic.

Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

We regard our copyrights, service marks, trademarks, trade secrets and other intellectual property as critical to our success. Unauthorized use of our intellectual property by third parties may adversely affect our business and reputation. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite our precautions, it is possible for third parties to obtain and use our intellectual property without authorization. Furthermore, the validity, enforceability and scope of protection of intellectual property in Internet related industries are uncertain and still evolving. In particular, the laws of the PRC, Brazil and certain other countries are uncertain or do not protect intellectual property rights to the same extent as do the laws of the United States. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Future litigation could result in substantial costs and diversion of resources.

We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us, materially disrupt our business.

We cannot be certain that our products and services will not infringe valid patents, copyrights or other intellectual property rights held by third parties. We may in the future be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. In particular, if we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and may incur licensing fees or be forced to develop alternatives. We may incur substantial expenses in defending against these third party infringement claims, regardless of their merit. Successful infringement claims against us may result in substantial monetary liability or may materially disrupt the conduct of our business.

Our sublicensed content is subject to the terms and conditions of agreements between HowStuffWorks and third parties.

Under the terms of our contribution agreements, HowStuffWorks transferred and contributed to us all rights, but only those rights, which belong to and are held by HowStuffWorks pursuant to third-party licenses. Some of those licenses, including those with Publications International, Inc. contain restrictions on the use of such content and termination provisions for breaches of the license agreements. Accordingly, a breach of any third party license by HowStuffWorks may cause us to lose our license with such third party, which could have a material adverse effect on the implementation of our business plan, value of our content offering and results of our operations.

A slowdown or other adverse developments in the PRC or Brazil economy may materially and adversely affect our customers, demand for our services and our business.

Although the PRC economy has grown significantly in recent years, we cannot assure you that such growth will continue and we may be sensitive to a slowdown in economic growth or other adverse changes in the PRC and Brazil economies. This is particularly true in light of current financial and economic uncertainties. In response to adverse economic developments, companies may reduce spending on marketing and advertising. As a result, a slowdown in overall economic growth, an economic downturn or recession or other adverse economic developments in China or Brazil may materially reduce the demand for our services and materially and adversely affect our business.

PRC laws and regulations related to the PRC Internet sector are unclear and will likely change in the near future. If we are found to be in violation of current or future PRC laws or regulations, we could be subject to severe penalties.

The PRC regulates its Internet sector by making pronouncements or enacting regulations regarding the legality of foreign investment in the PRC Internet sector and the existence and enforcement of content restrictions on the Internet. There are substantial uncertainties regarding the interpretation of current PRC Internet laws and regulations, including those discussed below.

The PRC enacted regulations applying to Internet related services and telecommunications related activities. While many aspects of these regulations remain unclear, they purport to limit and require licensing of various aspects of the provision of Internet information services. The MII has also stated that the activities of Internet content providers are subject to regulation by various PRC government authorities, depending on the specific activities conducted by the Internet content provider. Various government authorities have stated publicly that they are in the process of preparing new laws and regulations that will govern these activities. The areas of regulation currently include online advertising, online news reporting, online publishing, online securities trading and the provision of industry specific (e.g., drug related) information over the Internet. Other aspects of our online operations may be subject to regulation in the future.

Under the agreement reached in November 1999 between the PRC and the United States concerning the United States' support of China's entry into the World Trade Organization, or the WTO, foreign investment in PRC Internet services was to be liberalized to allow for 30% foreign ownership in key telecommunication services, including PRC Internet ventures, for the first year after China's entry into the WTO, 49% in the second year and 50% thereafter. China officially entered the WTO on December 11, 2001. However, the implementation of China's WTO accession agreements is still subject to various conditions.

The interpretation and application of existing PRC laws and regulations, the directives of the MII and the possible new laws or regulations have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, PRC Internet companies, including us. Accordingly, it is possible that the relevant PRC authorities could, at any time, assert that any portion or all of our ownership structure and business violate existing or future PRC laws, regulations or policies. It is also possible that the new laws or regulations governing the PRC Internet sector that have been adopted or may be adopted in the future will prohibit or restrict foreign investment in, or other aspects of, any of our proposed businesses and operations. In addition, these new laws and regulations may be retroactively applied to us.

If we are found to be in violation of any existing or future PRC laws or regulations, the relevant PRC authorities would have broad discretion in dealing with such violation, including, without limitation, the following:

- levying fines;
- confiscating our income;
- revoking our business licenses;
- pursuing criminal sanctions against our business and personnel;
- shutting down our servers and/or blocking our websites;
- requiring us to restructure our ownership structure or operations; and
- requiring us to discontinue any portion or all of our Internet business.

Any of these actions could have a material adverse effect on our financial condition and results of operations.

The online advertising markets in China and Brazil are still developing, and present risk to our revenues to be generated from our online publishing business using the contributed assets.

Our online publishing businesses in China and Brazil are expected to derive significant revenue from online advertisements. The online advertising markets in China and Brazil are still developing, and future growth and expansion of these markets is uncertain. If these online advertising markets do not grow at expected rates, our results of operations and financial condition will be materially adversely affected.

Our international operations subject us to other significant risks including unpredictable governmental regulation in China and Brazil.

Our international operations expose us to a wide variety of other risks including increased credit risks, customs duties, import quotas and other trade restrictions, potentially greater inflationary pressures, and the risk of failure or material interruption of wireless systems and services. Changes may occur in foreign trade and investment laws in the territories and countries where we will operate. U.S. laws and regulations relating to investment and trade in foreign countries could also change to our detriment. Any of these factors could materially and adversely affect our revenues and profits. We are subject to risk of political instability and trade sanctions within China.

China has traditionally been a closed market with strict political controls. As China shifts to a market economy, growing economic and social freedoms may conflict with the more restrictive political and governmental policies. In addition, democratic countries throughout the world have, from time to time, attempted to use economic and other sanctions to achieve political or social change in other countries. Each of these factors could result in economic sanctions, economic instability, the disruption of trading and war within China and the Asia Pacific Rim, any of which could result in our inability to conduct business operations in China. Because a substantial amount of our business is expected to be within China, the disruption of distribution channels into China would have material and adverse consequences to our business.

In the past, the Brazilian government has intervened in the Brazilian economy and occasionally made drastic changes in economic policy. The Brazilian government's actions to control inflation and affect other policies have included high interest rates, wage and price controls, currency devaluations, capital controls and limits on exports, among other actions. Our business, financial condition, revenues, results of operations, prospects and the market price of our securities may be adversely affected by changes in Brazilian government policies, as well as general economic factors, including:

- currency fluctuations;
- exchange controls and restrictions on remittances abroad, such as those that were briefly imposed on such remittances (including dividends) in 1989 and in the beginning of 1990;
- inflation;
- price instability;
- energy policy;
- interest rate increases;
- liquidity of domestic capital and lending markets;
- changes in tax policy; and
- other political, domestic, social and economic developments in or affecting Brazil.

Also, the President of Brazil has considerable power to determine governmental policies and actions that relate to the Brazilian economy and, consequently, affect the operations and financial performance of businesses operating in Brazil. We have no control over, and cannot predict what policies or actions the Brazilian government may take in the future.

Further risks relating to international operations include, but are not restricted to, unexpected changes in legal and regulatory requirements, changes in tariffs, exchange rates and other barriers, political and economic instability, possible effects of war and acts of terrorism, difficulties in account receivable collection, difficulties in managing distributors or representatives, difficulties in staffing and managing international operations, difficulties in protecting our intellectual property overseas, seasonality of sales and potentially adverse tax consequences. Any of these factors could materially and adversely affect our revenues and profits.

Restrictions on currency exchange may limit our ability to utilize our revenues effectively.

Some of our operating expenses are denominated in Chinese Renminbi. Currently, we may purchase foreign exchange for settlement of "current account transactions" without the approval of the Chinese State Administration for Foreign Exchange, or SAFE. We may also retain foreign exchange in our current account (subject to a ceiling approved by the SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase and retain foreign currencies in the future.

Additionally, some of our revenues and operating expenses are denominated in Brazilian *Reais*. Brazilian law allows the Brazilian government to impose restrictions on the conversion of the *Real* into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Brazil. The government may impose such restrictions whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance. The Brazilian government last imposed remittance restrictions for approximately six months in 1989 and early 1990. The likelihood that the Brazilian government would impose such restrictions again may depend on the extent of Brazil's foreign currency reserves, the availability of foreign currency in the foreign exchange markets on the date a payment is due, the size of Brazil's debt service burden relative to the economy as a whole, Brazil's policy toward the International Monetary Fund and other factors.

Since a significant amount of our revenues will be denominated in Renminbi, existing and future restrictions on the exchange of Renminbi to other currencies may limit our ability to use revenue generated in Renminbi to fund our business activities outside China, if any, or expenditures denominated in foreign currencies. Similarly, in the event that a significant amount of our revenues are denominated in *Reais*, any future restrictions on the exchange of *Reais* for other currencies or the remittance to foreign investors of proceeds from their investments in Brazil may limit our ability to use revenue generated in *Reais* to fund our business activities outside Brazil, or expenditures denominated in foreign currencies.

We are subject to risks of currency fluctuations and exchange restrictions.

Currency fluctuations, devaluations and exchange restrictions may adversely affect our liquidity and results of operations. In some countries, local currencies may not be readily converted into Euros or U.S. dollars (or other "hard currencies") or may only be converted at government controlled rates, and, in some countries, the transfer of hard currencies offshore has been restricted from time to time. Very limited hedging transactions are available in China to reduce its exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to successfully hedge our exposure, if at all. Our revenues as expressed in our U.S. dollar financial statements will decline in value if Renminbi or *Reais* depreciate relative to the U.S. dollar. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into U.S. dollars or by Brazilian exchange control regulations that restrict our ability to convert *Reais* into U.S. dollars.

Regulation and censorship of information collection and distribution in China may adversely affect our business.

China has enacted regulations governing Internet access and the distribution of news and other information. Furthermore, the Propaganda Department of the Chinese Communist Party has been given the responsibility to censor news published in China to ensure, supervise and control a particular political ideology. In addition, the MII has published implementing regulations that subject online information providers to potential liability for content included on their portals and the actions of subscribers and others using their systems, including liability for violation of PRC laws prohibiting the distribution of content deemed to be socially destabilizing. Because many PRC laws, regulations and legal requirements with regard to the Internet are relatively new and untested, their interpretation and enforcement may involve significant uncertainty. In addition, the PRC legal system is a civil law system in which decided legal cases have limited binding force as legal precedents. As a result, in many cases it is difficult to determine the type of content that may result in liability for a website operator.

Periodically, the Ministry of Public Security has stopped the distribution over the Internet of information which it believes to be socially destabilizing. The Ministry of Public Security has the authority to cause any local Internet service provider to block any website maintained outside China at its sole discretion. If the PRC government were to take action to limit or eliminate the distribution of information through our portals or to limit or regulate current or future applications available to users of our portals, our business would be adversely affected.

The State Secrecy Bureau, which is directly responsible for the protection of state secrets of all PRC government and Chinese Communist Party organizations, is authorized to block any website it deems to be leaking state secrets or failing to meet the relevant regulations relating to the protection of state secrets in the distribution of online information. Under the applicable regulations, we may be held liable for any content transmitted on our portal. Furthermore, where the transmitted content clearly violates the laws of the PRC, we will be required to delete it, and where the transmitted content is considered suspicious, we are required to report such content. We must also undergo computer security inspections, and if we fail to implement the relevant safeguards against security breaches, our operations in the PRC may be shut down.

Although the PRC has several laws and regulations relating to the use of the Internet, addressing personal privacy in use of the Internet and the freedom of communications, the PRC government does not restrict online service providers in the collection, transmission and commercial use of personal information or data. Personal data is protected from unlawful use by general statutes and by any contractual arrangement between the user and the service provider.

Since spring of 2005, the National People's Congress and the State Council have begun legislative review of a draft Law for Protection of Personal Information which provides a wider scope of information protection than that required to protect the personal privacy of a citizen. Cellular phone number, home address, medical files and occupational information will all be protected under the draft law. The draft further provides that usage of such personal information by service providers (excluding the national security authority, research institutions, and news agency) shall be subject to the prior authorization of each individual and violation under this law could result in administrative, civil, and even criminal liabilities. If regulations are adopted addressing the collection, transmission and commercial use of personal information or data, we could be subject to these penalties, certain aspects of our business plan may no longer be viable and our business would thus be adversely affected.

Potential additional Chinese regulation could affect our business in China.

The Ministry of Information Industry, the Chinese governmental agency which regulates the Internet in China, promulgated a directive effective January 31, 2008, providing that online videos can only be broadcast or streamed by state-owned or controlled companies. Subsequently, the Ministry of Information Industry acted to provide exceptions for certain non-state-owned or controlled companies. While it is possible that our Chinese website would not be permitted to display online videos, which could have a material effect on the content provided on such website, it is not yet clear what, if any, effect this regulation has upon our business in China.

Political and economic policies of the PRC government could affect our business.

A significant portion of our business, assets and operations are located in China and a significant portion of our future revenues are expected to be derived from our operations in China. Accordingly, our business could be adversely affected by changes in political, economic or social conditions in China, adjustments in PRC government policies or changes in laws and regulations.

The economy of China differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development in a number of respects, including:

- structure;
- level of government involvement;
- level of development;
- level of capital reinvestment;
- growth rate;
- control of foreign exchange; and
- methods of allocating resources.

Since 1949, China has been primarily a planned economy subject to a system of macroeconomic management. Although the Chinese government still owns a significant portion of the productive assets in China, economic reform policies since the late 1970s have emphasized decentralization, autonomous enterprises and the utilization of market mechanisms. We cannot predict what effects the economic reform and macroeconomic measures adopted by the Chinese government may have on our business or results of operations.

The PRC legal system embodies uncertainties which could limit the legal protections available to us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. We are subject to laws and regulations applicable to foreign investment in mainland China. However, these laws, regulations and legal requirements are relatively recent, and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us and other foreign investors. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to the Internet, our ownership structure and currency exchange, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws.

It may be difficult to enforce any civil judgments against us or our board of directors or officers, because in the future a significant portion of our assets could be located outside of the United States.

Although the combined company is incorporated in the State of Delaware, in the future a substantial portion of our assets could be located in the PRC. As a result, it may be difficult for investors to enforce outside the United States any actions brought against us in the United States, including actions predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. In addition, certain of our directors and officers and all or a substantial portion of their assets may be located outside the United States (principally in the PRC). As a result, it may not be possible for investors to effect service of process within the United States upon those directors and officers, or to enforce against them or us judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. There is doubt as to the enforceability in the PRC, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated solely upon the federal securities laws of the United States or the securities laws of any state of the United States.

If we are not able to attract and retain key management and consultants, we may not successfully integrate the contributed assets into our historical business or achieve our other business objectives.

We will depend upon our senior management and consultants for our business success. Key members of the senior team include Jeff Arnold, a consultant and our current Chairman of the Board. Our consulting agreement with Mr. Arnold, which commenced in 2006, runs through May 31, 2009. The loss of the service of any of the key members of our senior management may significantly delay or prevent the integration of the contributed assets and other business objectives. Our ability to attract and retain qualified personnel, consultants and advisors will be critical to our success. We may be unable to attract and retain these individuals, and our failure to do so would adversely affect our business.

The concentration of our stock ownership will likely limit your ability to influence corporate matters.

HowStuffWorks beneficially owns a significant percentage of our outstanding common stock and entered into a stockholders agreement. The stockholders agreement entitles HowStuffWorks to designate nominees to our board of directors. Furthermore, Jeff Arnold, our current Chairman of the Board, is the Chief Executive Officer and Chairman of HowStuffWorks, and another member of our Board of Directors is President-Digital Media and Business Development of its parent company, Discovery. As a result, HowStuffWorks has the ability to influence our management and affairs and determine the outcome of matters submitted to stockholders for approval, including the election and removal of directors, amendments to the charter, approval of equity-based employee compensation plans and any merger, consolidation or sale of all or substantially all of our assets.

The concentration of our stock ownership, as well as our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, stockholders agreement and Delaware law contain provisions that may make our acquisition more difficult without the approval of our board of directors, which could discourage, delay or prevent a transaction involving our change of control.

As of March 30, 2009, HowStuffWorks owned approximately 43% of our outstanding shares of common stock. As a result, it will be difficult for our other stockholders to approve a takeover of us without the cooperation of HowStuffWorks.

Furthermore, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain certain anti-takeover provisions, including but not limited to the following provisions:

- only our board of directors may call special meetings of our stockholders;
- our stockholders may take action only at a meeting of our stockholders and not by written consent;
- we have authorized undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; and
- we require advance notice for stockholder proposals of not less than 60 nor more than 90 days prior to a meeting at which stockholder proposals may be introduced.

In addition, the stockholders agreement gives HowStuffWorks the right to designate nominees to our board of directors.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change of control of us. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to cause us to take other corporate actions you may desire.

Section 203 of the Delaware General Corporation Law may also delay, defer or prevent a change in control that our stockholders might consider to be in their best interest. We are subject to Section 203 of the Delaware General Corporation Law which, subject to certain exceptions, prohibits “business combinations” between a publicly-held Delaware corporation and an “interested stockholder,” which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation’s voting stock for a three-year period following the date that such stockholder became an interested stockholder. Section 203 could have the effect of delaying, deferring or preventing a change in control of us that our stockholders might consider to be in their best interest.

Acquisitions, business combinations and other transactions present integration risk and may have negative consequences for our business and our stockholders.

The process of integrating acquired businesses, like DailyStrength, into our existing operations may result in unforeseen difficulties and liabilities and may require a disproportionate amount of resources and management attention. Difficulties that we may encounter in integrating the operations of acquired businesses could have a material adverse effect on our results of operations and financial position. Moreover, we may not realize any of the anticipated benefits of an acquisition and integration costs may exceed anticipated amounts. We may enter into joint ventures, strategic alliances or similar arrangements with third parties. These transactions may result in changes in the nature and scope of our operations and changes in our financial condition. Financing for these transactions may come from cash on hand, proceeds from the issuance of additional common stock or proceeds from debt financing.

The issuance of additional equity or debt securities could:

- cause substantial dilution of the percentage ownership of our stockholders at the time of the issuance;
- cause substantial dilution of our earnings per share;
- subject us to the risks associated with increased leverage;
- subject us to restrictive covenants that could limit our flexibility in conducting future business activities; and
- adversely affect the prevailing market price for our outstanding securities.

We may not be able to raise additional funds when needed for our business or to exploit opportunities.

We may need to raise additional funds to support expansion, develop new or enhanced applications and services, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. If required, we may attempt to raise such additional funds through public or private debt or equity financing, strategic relationships or other arrangements. There can be no assurance that such financing will be available on acceptable terms, if at all, or that such financing will not be dilutive to our stockholders.

We face competition from other social media companies.

We face competition for our DailyStrength website from other social media companies, including start-ups as well as developed companies that are enhancing or developing social media technologies. Also, we may compete with companies that provide health-focused websites because these companies, like us, are trying to sell advertising for health content on the Internet. Among the social media and health-focused website companies, there are a number of large, established competitors with significantly greater employees and cash resources than we have. We expect that some of these companies will increasingly use their resources to compete against us in a variety of ways, including by making acquisitions, investing more aggressively in research and development, and competing more aggressively for advertisers and users. If our competitors are successful in providing similar or better social media destinations for health, we could experience a decline in user traffic. Any such decline could negatively affect our revenues and growth opportunities.

We may not be able to successfully grow and monetize our social media business.

Formidable growth of users and revenue is required for our DailyStrength social media business to generate sufficient revenue to cover operating costs. If we fail to maintain and enhance the “DailyStrength” brand, if we are unable to attract sufficient users for our DailyStrength website, or if we incur excessive expenses in these efforts, our business, operating results and financial condition will be materially and adversely affected.

We generate our revenue almost entirely from advertising, and the reduction in spending by or loss of advertisers could seriously harm our business.

We generated the majority of our revenues in 2008 from our advertisers. Our advertisers can generally terminate their contracts with us at any time. Advertisers will not continue to do business with us if their investment in advertising with us does not generate sales leads, and ultimately customers, or if we do not deliver their advertisements in an appropriate and effective manner. If we are unable to be competitive and provide value to our advertisers, they may stop placing ads with us, which would negatively harm our revenues and business. In addition, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns. Any decreases in or delays in advertising spending due to general economic conditions could reduce our revenues or negatively impact our ability to grow our revenues.

Item 6. Exhibits.

Exhibit 3.1	Amended and Restated Certificate of Incorporation of HSW International, Inc. (filed as Exhibit 99.2 to the form 8-A filed on October 3, 2007 and incorporated herein by reference).
Exhibit 3.2	Second Amended and Restated Bylaws of HSW International, Inc. (filed as Exhibit 3.2 to the Form 8-K filed on December 18, 2007 and incorporated herein by reference).
Exhibit 31.1	Certification of Vice Chairman pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
Exhibit 32*	Certifications of Vice Chairman and Chief Financial Officer pursuant to Title 18 of the United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* This exhibit is hereby furnished to the SEC as an accompanying document and is not to be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of the Section nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HSW INTERNATIONAL, INC.

Date: May 15, 2009

By: /s/ Shawn G. Meredith
Shawn G. Meredith
Chief Financial Officer

Exhibit 31.1

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Henry N. Adorno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HSW International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2009

/s/ Henry N. Adorno

Henry N. Adorno
Vice Chairman

Exhibit 31.2

Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Shawn G. Meredith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HSW International, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2009

/s/ Shawn G. Meredith
Shawn G. Meredith
Chief Financial Officer

Exhibit 32

Certification pursuant to Title 18 of the United States Code Section 1350,
as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, each of the undersigned officers of HSW International, Inc. (the "Company") hereby certifies that the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the period presented in the Report.

May 15, 2009

By: /s/ Henry N. Adorno
Henry N. Adorno
Vice Chairman

May 15, 2009

By: /s/ Shawn G. Meredith
Shawn G. Meredith
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent this Exhibit 32 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to HSW International, Inc. and will be retained by HSW International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.