Halo Technology Holdings, Inc.
Form 10QSB
February 14, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

þ **Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Fiscal Quarter Ended December 31, 2006

or

o **Transition report under Section 13 or 15(d) of the Exchange Act**

Commission File No. 000-33197

HALO TECHNOLOGY HOLDINGS, INC.
(Name of Small Business Issuer in its Charter)

Nevada	**88-0467845**
State or other jurisdiction of incorporation or organization	**I.R.S. Employer Identification Number**

200 Railroad Avenue, 3rd Floor, Greenwich, CT 06830
(Address of principal executive office)
Issuer s telephone number: (203) 422-2950

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) been subject to such filing requirements for the past ninety (90) days. Yes þ No o

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

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date: As of February 1, 2007, there were 30,723,185 shares of Common Stock, par value $.00001 per share, outstanding.

Transitional Small Business Disclosure Format (check one): Yes o No þ

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PART I
FINANCIAL INFORMATION

Forward-Looking Information

Certain statements in this Form 10-QSB of Halo Technology Holdings, Inc. (the Company) may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Reform Act). These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. The safe harbors for forward-looking statements provided by the Reform Act are unavailable to issuers of penny stock . Our shares may be considered a penny stock and, as a result, the safe harbors may not be available to us. Such forward-looking statements include those relating to future opportunities, the outlook of customers, the reception of new products and technologies, and the success of new initiatives. In addition, such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Such factors include: (i) demand for the Company s products; (ii) the actions of current and potential new competitors; (iii) changes in technology; (iv) the nature and amount of the Company s revenues and expenses; and (v) overall economic conditions and other risks detailed from time to time in the Company s periodic earnings releases and reports filed with the Securities and Exchange Commission (SEC) as well as the risks and uncertainties discussed in the Company s Annual Report on Form 10-KSB/A filed with the SEC on October 26, 2006.

ITEM 1. Financial Statements.

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Halo Technology Holdings, Inc.
Consolidated Balance Sheets

	December 31, 2006 (unaudited)	June 30, 2006 (audited)
Assets		
Current Assets:		
Cash and cash equivalents	$ 774,334	$ 853,901
Marketable securities		9,750
Accounts receivable, net of allowance for doubtful accounts of $190,875 and $105,812 respectively	3,222,239	2,053,676
Due from Platinum Equity, LLC	330,000	302,500
Prepaid expenses and other current assets	577,168	315,444
Assets held for sale		18,313,168
Total current assets	4,903,741	21,848,439
Property and equipment, net	641,775	320,027
Deferred financing costs, net	910,283	1,492,096
Intangible assets, net of accumulated amortization of $1,710,276 and $980,458 respectively	9,513,107	9,679,925
Goodwill	36,089,724	26,283,132
Other assets	98,781	79,919
Total assets	$ 52,157,411	$ 59,703,538
Liabilities and stockholders equity		
Current liabilities:		
Current portion of senior note payable	$ 4,885,314	$ 1,333,126
Note payable to Tenebril sellers	3,529,412	
Note payable to Platinum Equity, LLC	1,750,000	1,750,000
Notes payable	588,901	3,275,000
Accounts payable	2,348,665	1,609,575
Accrued expenses	6,525,665	5,062,252
Deferred revenue	8,582,543	9,477,722
Due to ISIS	1,243,718	1,243,864
Liabilities of discontinued operations		5,945,227
Total current liabilities	29,454,218	29,696,766
Subordinate notes payable	2,349,358	1,770,833
Senior notes payable	12,752,480	20,752,493
Other long term liabilities	1,197,839	453,974
Series C warrants liabilities	1,146,223	3,720,893

Senior and Sub warrants liabilities	1,748,131	1,333,942
Other warrants liabilities	2,023,735	2,566,319

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		December 31, 2006 (unaudited)		June 30, 2006 (audited)
Total liabilities		50,671,984		60,295,220
Commitments and contingencies				
Mandatory redeemable Series D Preferred Stock: $.00001 par value; 8,863,636 shares authorized, 7,045,454 issued and outstanding (Liquidation value $7,750,000)		7,750,000		7,750,000
Stockholders equity (deficit):				
Preferred stock (Canadian subsidiary)		2		2
Shares of Common Stock to be issued for accrued interest on subordinated debt		296,340		41,667
Common stock: $.00001 par value; 150,000,000 shares authorized; 31,231,101 and 26,723,247 shares issued and outstanding, respectively		314		267
Additional paid-in-capital		97,224,773		86,265,258
Treasury stock		(1,250,000)		
Accumulated other comprehensive loss		(16,973)		(43,528)
Accumulated deficit		(102,519,029)		(94,605,348)
Total stockholders equity (deficit)		(6,264,573)		(8,341,682)
Total liabilities and stockholders equity (deficit)	$	52,157,411	$	59,703,538

See accompanying notes to consolidated financial statements.

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Halo Technology Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	**2005**	**2006**	**2005**
Revenue				
Licenses	$ 707,320	$ 422,335	$ 1,344,805	$ 507,336
Services	6,073,247	2,112,138	11,922,908	2,314,917
Total revenues	6,780,567	2,534,473	13,267,713	2,822,253
Cost of revenue				
Cost of license	290,564	204,444	502,525	211,304
Cost of services	1,765,948	580,348	3,269,956	637,874
Total cost of revenues	2,056,512	784,792	3,772,481	849,178
Gross Profit	4,724,055	1,749,681	9,495,232	1,973,075
Product development	1,461,934	767,257	2,677,218	853,333
Sales, marketing and business development	1,158,207	630,529	2,179,078	761,122
General and administrative	3,532,594	2,440,529	7,187,025	3,074,515
Loss on extinguishment of debt	1,957,709		1,957,709	
Loss before interest and fair value gain on warrants	(3,386,389)	(2,088,634)	(4,505,798)	(2,715,895)
Fair value gain on warrants	1,911,881	7,864,701	4,580,222	31,671,485
Interest expense and other, net	(2,910,888)	(2,195,871)	(7,683,679)	(4,301,982)
(Loss) income from continuing operations before income taxes	(4,385,396)	3,580,196	(7,609,255)	24,653,608
Income taxes	6,335	1,012	15,393	2,230
(Loss) income from continuing operations	(4,391,731)	3,579,184	(7,624,648)	24,651,378
Income (loss) from discontinued operations, net of taxes	93,685	(827,999)	220,288	(1,510,547)
Net (loss) income	$ (4,298,046)	$ 2,751,185	$ (7,404,360)	$ 23,140,831

Computation of (loss) income applicable to common shareholders

Net (loss) income before preferred dividends	$ (4,298,046)	$ 2,751,185	$ (7,404,360)	$ 23,140,831
Preferred dividends	(254,674)	(373,379)	(509,348)	(593,558)
(Loss) income attributable to common stockholders	$ (4,552,720)	$ 2,377,806	$ (7,913,708)	$ 22,547,273
Basis income (loss) per share attributable to common stock:				
(Loss) income from continuing operations	$ (0.15)	$ 0.88	$ (0.27)	$ 7.02
Income (loss) from discontinued operations	$ 0.00	$ (0.22)	$ 0.01	$ (0.44)
Net (loss) income	$ (0.15)	$ 0.66	$ (0.26)	$ 6.58
Diluted income (loss) per share attributable to common stock:				
(Loss) income from continuing operations	$ (0.15)	$ 0.13	$ (0.27)	$ 0.99
Income (loss) from discontinued operations	$ 0.00	$ (0.03)	$ 0.01	$ (0.05)
Net (loss) income	$ (0.15)	$ 0.10	$ (0.26)	$ 0.94
Weighted-average number common shares basic	30,062,671	3,624,747	29,732,998	3,425,127
Weighted-average number common shares diluted	30,062,671	26,834,698	29,732,998	24,775,324

See accompanying notes to consolidated financial statements

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Halo Technology Holdings, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005
Operating Activities		
Net (loss) income	$ (7,404,360)	$ 23,140,827
(Income) loss from discontinued operations	(220,288)	1,510,547
(Loss) income from continuing operations	(7,624,648)	24,651,374
Adjustments to reconcile (loss) income from continuing operations to net cash used in operating activities of continuing operations:		
Depreciation and amortization	846,909	326,655
Provision for doubtful accounts	23,799	
Loss on extinguishment of debt	1,957,709	
Fair value gain on warrants revaluation	(4,580,222)	(31,671,485)
Loss on sales of marketable securities	28,429	
(Gain) loss on disposal of property and equipment	(381)	3,270
Non cash compensation	975,757	273,226
Non cash interest expense	4,743,207	3,176,968
Changes in operating assets and liabilities of continuing operations		
Accounts receivable	(789,852)	178,671
Prepaid expenses and other current assets	134,278	601,463
Accounts payable and accrued expenses	2,313,186	3,073,517
Deferred revenue	(2,185,023)	(1,387,168)
Net cash used in operating activities of continuing operations	(4,156,852)	(773,509)
Investing activities		
Purchase of property and equipment	(198,707)	(24,661)
Tesseract, Process and Affiliates acquisition, net of cash acquired of $632,899		(15,867,102)
Kenosia acquisition, net of cash acquired of $6,125		(507,145)
Cash acquired in acquisition of Tenebril, Inc.	622,683	
Cash acquired in acquisition of RevCast, Inc.	500	
Cash included on sale of Gupta Technologies, LLC	(1,009)	
Proceeds from sale of Gupta Technologies, LLC	6,100,000	
Proceeds from sale of marketable securities	12,149	
Proceeds from sales of property and equipment	960	
Net cash provided by (used in) investing activities of continuing operations	6,536,576	(16,398,908)
Financing activities		
Repayment of Fortress debt	(5,140,000)	

Repayment of capital lease	(2,307)	
Repayment of subordinated notes		(1,500,000)
Repayment of Senior notes		(6,825,000)
Proceeds from new Senior notes, net of issuance cost of $1,426,486		23,573,514
Proceeds from promissory note	1,900,000	1,700,000

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	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005
Net cash (used in) provided by financing activities of continuing operations	(3,242,307)	16,948,514
Effects of exchange rates on cash	(5,023)	39,204
Cash flows of discontinued operations		
Net cash provided by operating activities	788,039	508,079
Net cash used in investing activities		(27,020)
	788,039	481,059
Net (decrease) increase in cash and cash equivalents	(79,567)	296,360
Cash and cash equivalents beginning of period	853,901	1,548,013
Cash and cash equivalents end of period	$ 774,334	$ 1,844,373
Supplemental disclosure of cash flow information:		
Income tax paid	$ 32,240	$ 122,766
Interest paid	$ 1,489,824	$ 822,486

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Supplemental schedule of non-cash investing and financing activities:

For the six months ended December 31, 2006 and 2005, the Company recorded $509,348 and $593,558, respectively, in connection with convertible preferred dividends.

On July 6, 2005 the Company purchased Kenosia Corporation (Kenosia) for an aggregate purchase price of $1,800,000, subject to certain adjustments. Prior to the closing, $800,000 of the Purchase Price was deposited into an escrow account, and subsequently released to the seller at the closing. The remainder of the Purchase Price was paid in two equal payments of $500,000 each, in cash. The first payment $447,175 (net of working capital adjustment) was made on September 1, 2005 and the second payment was made on January 31, 2006. The following table summarizes the purchase transaction:

Purchase price:	
Cash	$ 1,247,175
Transaction costs	24,750
Note payable	500,000
Total purchase price	1,771,925
Less fair value of:	
Assets acquired	1,611,793
Liability assumed	386,024
Goodwill	$ 546,156

On August 24, 2006, the Company acquired the stock of Tenebril, Inc.(Tenebril). In connection with the acquisition of Tenebril, the Company issued a promissory note in the amount of $3,000,000, which is convertible into the Company s common stock. The conversion price is 85% of the market price determined based on the date of the conversion. The Company recorded a total purchase price of $3,639,412, which was calculated by dividing the principal amount of the note of $3,000,000 by 85% and adding the $110,000 of the Target Broker Promissory Note as a transaction cost (see Note 4). The following table summarizes the purchase transaction:

Purchase price:	
Convertible promissory notes	$ 3,529,412
Transaction costs	110,000
Total purchase price	3,639,412
Fair value of:	
Assets acquired	(1,442,551)
Liabilities assumed	1,295,253
Goodwill	$ 3,492,114

On September 15, 2006, the Company acquired RevCast, Inc.(RevCast). In connection with the acquisition of RevCast, the Company agreed to issue 350,000 shares of common stock to the sellers. The total purchase price recorded was $248,500 based on the Company s common stock average price of 2 days prior to and 2 days after the acquisition date. (see Note 5). The following table summarizes the purchase transaction:

Purchase price:	
Common stock to be issued	$ 248,500
Total purchase price	248,500
Fair value of:	
Assets acquired	(500)

Liabilities assumed	12,715
Goodwill	$ 260,715

On November 20, 2006, the Company completed a transaction in which it acquired the NavRisk business and ViaMode product (as described below), sold Gupta and received $6,100,000 in cash. The total preliminary purchase price recorded was $5,699,904, based on the net book value of Gupta on the transaction date(see Note 6). The following table summarizes the purchase transaction:

Purchase price:	
Net book value of Gupta	$ 11,799,904
Cash Received	(6,100,000)
Total purchase price	$ 5,699,904

Fair value of:	
Assets acquired	$ (550,241)
Liabilities assumed	904,100
Goodwill	$ 6,053,763

Effective May 15, 2006, the holders of a majority of the warrants issued to holders of Series C Stock (Series C Warrants) pursuant to the Subscription Agreement, dated January 31, 2005, have agreed to amend and exercise their warrants under the cashless exercise provision contained in Section 1(c) of the Warrants, resulting in a net issuance of shares of Common Stock representing 50% of the shares these stockholders would have been otherwise entitled to receive under the Warrants had they paid the full exercise price in cash. During the six months ended December 31, 2006, the holders of warrants to acquire 182,494 shares of common stock exercised this right and received 91,247 shares of Common Stock under the net exercise provision.

On July 21, 2006, the Company issued an aggregate of 2,732,392 shares of its common stock in conversion of (1) an aggregate of $1,850,000 of convertible promissory notes previously issued by the Company in September 2005, October 2005, and January 2006 (and $126,041.67 of interest on such amount), and (2) an aggregate of $1,375,000 of convertible promissory notes previously issued by the Company in January 2006 (and $64,444.44 of interest on such amount).

On July 28, 2006, the Company issued an aggregate of 133,075 shares of its common stock for advisory fees and finders fees related to the raising of capital the Company has received in the past.

On August 10, 2006, the Company issued an aggregate of 496,000 shares of Common Stock for one year of general financial advisory services commencing on that date.

On August 22 and September 14, 2006, an aggregate of 155,000 shares of the Company s Common Stock were issued for general consulting services performed.

On October 12, 2006 the Company issued a Note in the aggregate principal amount of One Million Two Hundred Fifty Thousand Dollars ($1,250,000) under the Subscription Agreement (see Note 9) in exchange for 1,000,000 shares of the Company s common stock previously held by an investor. The shares bought back are treated as treasury stock and valued at $1,250,000.

See accompanying notes to consolidated financial statements.

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Halo Technology Holdings, Inc.
Notes to Consolidated Financial Statements

Note 1. Organization, Merger, Description of Business and Basis of Presentation

Halo Technology Holdings, Inc. (collectively with its subsidiaries, the Company or Halo) is a Nevada corporation with its principal executive office in Greenwich, Connecticut.

The Company is a holding company whose subsidiaries operate enterprise software and information technology businesses. In addition to holding its existing subsidiaries, the Company s strategy is to pursue acquisitions of businesses which either complement the Company s existing businesses or expand the industries in which the Company operates.

Warp Solutions, Inc., a wholly owned subsidiary of the Company, produces a series of application acceleration products that improve the speed and efficiency of transactions and information requests that are processed over the internet and intranet network systems. The subsidiary s suite of software products and technologies are designed to accelerate network applications, reduce network congestion, and reduce the cost of expensive server deployments for enterprises engaged in high volume network activities.

On January 31, 2005, the Company completed the acquisition of Gupta Technologies, LLC (together with its subsidiaries, Gupta).

On November 20, 2006, the Company completed the transactions contemplated by that certain Purchase and Exchange Agreement (the Purchase Agreement) between the Company and Unify Corporation (Unify), as amended by that certain Amendment No. 1 to Purchase and Exchange Agreement (the Amendment) dated November 20, 2006. At the Closing of the transactions, Halo sold Gupta to Unify in exchange for (i) Unify s risk management software and solution business as conducted by Unify through its Acuitrek, Inc. subsidiary (Acuitrek) and its Insurance Risk Management division, including, without limitation, the Acuitrek business and the NavRisk product (the NavRisk Business), (ii) Unify s ViaMode software product and related intellectual property rights (the ViaMode Product), (iii) $6,100,000 in cash, of which Halo had received $500,000 as a deposit upon the signing of the Purchase Agreement (the Deposit), and (iv) the amount by which the Gupta Net Working Capital exceeds the NavRisk Net Working Capital (as such terms are defined in the Purchase Agreement, the Working Capital Adjustment). At present, the Company does not expect any amounts to be received under the Working Capital Adjustment since the Gupta Net Working Capital does not appear to exceed the NavRisk Net Working Capital.

On July 6, 2005 the Company purchased Kenosia Corporation (Kenosia). Kenosia is a software company whose products include its DataAlchemy product line. DataAlchemy is a sales and marketing analytics platform that is utilized by global companies to drive retail sales and profits through timely and effective analysis of transactional data. Kenosia s installed customers span a wide range of industries, including consumer packaged goods, entertainment, pharmaceutical, automotive, spirits, wine and beer, brokers and retailers.

On October 26, 2005, the Company completed the acquisition of Tesseract and four other software companies, DAVID Corporation, Process Software, ProfitKey International, and Foresight Software, Inc. (collectively Process and Affiliates).

Tesseract, headquartered in San Francisco, is a total Human Resource (HR) solutions provider offering an integrated Web-enabled Human Resources Management Solutions (HRMS) suite. Tesseract s Web-based solution suite allows HR users, employees and external service providers to communicate securely and electronically in real time. The integrated nature of the system allows for easy access to data and a higher level of accuracy for internal reporting, assessment and external data interface. Tesseract s customer base includes corporations operating in a diverse range of industries, including financial services, transportation, utilities, insurance, manufacturing, petroleum, retail, and pharmaceuticals.

DAVID Corporation is a pioneer in Risk Management Information Systems. DAVID Corporation offers client/server-based products to companies that provide their own workers compensation and liability insurance. Many of DAVID Corporation s clients have been using its products for 10 years or longer.

Process Software develops infrastructure software solutions for mission-critical environments, including industry-leading TCP/IP stacks, an Internet messaging product suite, and an anti-spam software subscription service to large enterprises worldwide. With a loyal customer base of over 5,000 organizations, including Global 2000 and

Fortune 1000 companies.

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ProfitKey International (Profitkey) develops and markets integrated manufacturing software and information control systems for make-to-order and make-to-stock manufacturers. ProfitKey s offering includes a suite of e-business solutions that includes customer, supplier and sales portals. ProfitKey s highly integrated system emphasizes online scheduling, capacity management, and cost management.

On January 13, 2006, the Company acquired Empagio, Inc. (Emgagio). Empagio delivers innovative on-demand human resources information systems through its SymphonyHR platform. SymphonyHR empowers both large and mid-sized organizations to deliver unparalleled HR services to their employees, while decreasing administrative burden. Featuring 100% on-shore service delivery and native web architecture, SymphonyHR is one of the most comprehensive, dependable, and affordable human resources solutions available for automating HR procedures and reducing paperwork, ranging from payroll to benefits administration.

On March 1, 2006, the Company acquired Executive Consultants, Inc. (ECI). ECI is an HR professional services firm providing implementation and consulting services for HR, payroll and payroll systems.

Tesseract and ECI have subsequently been merged into Empagio. The combination of the subsidiaries will operate in the HRMS industry, boasting an impressive roster of Fortune 1000 enterprise customers and more than two million customer employees benefited from Empagio s solutions. The merged company is called Empagio, Inc. and is headquartered in Atlanta, Georgia.

On August 24, 2006, the Company purchased Tenebril. Tenebril is a Boston-based software company providing award-winning Internet and spyware protection to consumers and organizations. Tenebril s SpyCatcher(TM) Enterprise is a spyware solution that protects enterprise computers from the most insidious category of evasive threats hyper-mutating and custom-coded spyware. Tenebril s patent-pending Spyware Profiling Engine(TM) differentiates SpyCatcher from its competitors by providing continuous protection that defeats these newly emerging threats.

On September 15, 2006 the Company acquired an Illinois-based software company, RevCast. RevCast provides forecasting and replenishment solutions to some of the largest manufacturers in the world. RevCast s flagship product, Integrated Merchandising Solution (IMS), is being used today by several manufacturers that work with Wal-Mart and other major retailers, which share direct POS information.

Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended December 31, 2006 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2007. For further information, refer to the financial statements and footnotes thereto included in the Company s Annual Report on Form 10-KSB/A for the year ended June 30, 2006 filed with the SEC on October 26, 2006.

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Going Concern

The Company has incurred recurring operating losses since its inception, as of December 31, 2006, had an accumulated deficit of $102,519,029 and, at December 31, 2006, had insufficient working capital to fund all of its obligations. These conditions raise substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effect of the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company s continuation as a going concern is dependant upon receiving additional financing. Given the Company s current cash position, and its expectations of cash flows from operations, the Company anticipates requiring additional working capital of approximately $4 to $6 million for the year ending June 30, 2007, of which we have received $1.5 million in a transaction completed October 12, 2006 (see Note 9 Subordinated Notes Payable). The Company expects to pursue equity or debt financing, and possibly sale of assets in order to meet these capital needs. There can be no assurance that the Company will be successful in such efforts. In the absence of such further financing, or asset sales, the Company will either be unable to meet its debt obligations or will have to significantly restructure its operations, or a combination of these two actions. Such actions would significantly negatively affect the value of Halo s common stock.

Note 2. Summary of Significant Accounting Policies

Reclassification.

As a result of the sale of the Gupta business (see Note 6), certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Gupta s results of operations are shown as income (loss) from discontinued operations on the Consolidated Statements of Operations.

Segment

The Company has reviewed the provisions of SFAS 131, Disclosures about Segments of an Enterprise and Related Information with respect to the criteria necessary to evaluate the number of operating segments that exist, based on its review the Company has determined that it operates in one segment.

Income (Loss) Per Share

Basic and diluted net income (loss) per share information for all periods is presented under the requirements of SFAS No. 128, Earnings Per Share. Basic income (loss) per share is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average common shares outstanding during the period. Diluted income (loss) per share is calculated by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding.

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The Company computed its basic and diluted net income (loss) per common share as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	**2005**	**2006**	**2005**
Net (loss) income	$(4,298,046)	$2,751,185	$(7,404,360	