ASSURANT INC
Form 10-Q
November 02, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

þ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2011

OR

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Assurant, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-31978**	**39-1126612**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

One Chase Manhattan Plaza, 41st Floor

New York, New York 10005

(212) 859-7000

(Address, including zip code, and telephone number, including

area code, of Registrant s Principal Executive Offices)

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 þ NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 þ NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or 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 þ	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 þ

The number of shares of the registrant s Common Stock outstanding at October 28, 2011 was 92,108,357.

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ASSURANT, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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Amounts are presented in United States of America (U.S.) dollars and all amounts are in thousands, except number of shares and per share amounts.

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2011 and December 31, 2010

	September 30, 2011	December 31, 2010
	(in thousands except number of shares and per share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost $9,988,891 in 2011 and $10,009,320 in 2010)	$ 10,978,902	$ 10,612,552
Equity securities available for sale, at fair value (cost $401,225 in 2011 and $452,648 in 2010)	403,098	466,954
Commercial mortgage loans on real estate, at amortized cost	1,307,569	1,320,964
Policy loans	54,565	56,142
Short-term investments	508,375	358,702
Collateral held/pledged under securities agreements	96,080	136,589
Other investments	587,704	567,945
Total investments	13,936,293	13,519,848
Cash and cash equivalents	1,059,523	1,150,516
Premiums and accounts receivable, net	614,277	542,927
Reinsurance recoverables	5,295,502	4,997,316
Accrued investment income	159,470	147,069
Tax receivable	30,691	0
Deferred acquisition costs	2,563,885	2,493,422
Property and equipment, at cost less accumulated depreciation	247,497	267,169
Deferred income taxes, net	0	76,430
Goodwill	639,018	619,779
Value of business acquired	73,372	82,208
Other intangible assets, net	306,387	311,509
Other assets	186,039	188,454
Assets held in separate accounts	1,662,046	2,000,371
Total assets	$ 26,774,000	$ 26,397,018

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2011 and December 31, 2010

	September 30, 2011	December 31, 2010
	(in thousands except number of shares and per share amounts)	
Liabilities		
Future policy benefits and expenses	$ 8,217,526	$ 8,105,153
Unearned premiums	5,315,673	5,063,999
Claims and benefits payable	3,485,270	3,351,169
Commissions payable	259,104	275,409
Reinsurance balances payable	87,879	104,333
Funds held under reinsurance	67,696	65,894
Deferred gain on disposal of businesses	139,141	154,493
Obligation under securities agreements	96,449	137,212
Accounts payable and other liabilities	1,442,821	1,339,582
Deferred income taxes, net	13,674	0
Tax payable	0	41,702
Debt	972,249	972,164
Mandatorily redeemable preferred stock	0	5,000
Liabilities related to separate accounts	1,662,046	2,000,371
Total liabilities	21,759,528	21,616,481
Commitments and contingencies (Note 15)		
Stockholders equity		
Common stock, par value $0.01 per share, 800,000,000 shares authorized, 92,926,138 and 102,000,371 shares outstanding at September 30, 2011 and December 31, 2010, respectively	1,458	1,453
Additional paid-in capital	3,016,300	2,993,957
Retained earnings	3,596,751	3,264,025
Accumulated other comprehensive income	524,412	285,524
Treasury stock, at cost; 52,959,178 and 43,344,638 shares at September 30, 2011 and December 31, 2010, respectively	(2,124,449)	(1,764,422)
Total stockholders equity	5,014,472	4,780,537
Total liabilities and stockholders equity	$ 26,774,000	$ 26,397,018

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Operations (unaudited)

Three and Nine Months Ended September 30, 2011 and 2010

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	$ 1,777,315	$ 1,832,514	$ 5,307,635	$ 5,589,052
Net investment income	172,176	176,170	517,893	525,380
Net realized gains on investments, excluding other-than- temporary impairment losses	5,079	7,280	27,937	33,705
Total other-than-temporary impairment losses	(4,703)	(924)	(7,848)	(2,803)
Portion of net loss (gain) recognized in other comprehensive income, before taxes	156	(313)	266	(1,234)
Net other-than-temporary impairment losses recognized in earnings	(4,547)	(1,237)	(7,582)	(4,037)
Amortization of deferred gain on disposal of businesses	5,114	6,024	15,353	18,129
Fees and other income	106,578	93,220	300,037	259,892
Total revenues	2,061,715	2,113,971	6,161,273	6,422,121
Benefits, losses and expenses				
Policyholder benefits	998,875	913,253	2,881,582	2,746,565
Amortization of deferred acquisition costs and value of business acquired	370,107	376,850	1,086,720	1,144,151
Underwriting, general and administrative expenses	562,346	581,974	1,685,821	1,757,367
Interest expense	15,078	15,162	45,284	45,484
Total benefits, losses and expenses	1,946,406	1,887,239	5,699,407	5,693,567
Income before provision for income taxes	115,309	226,732	461,866	728,554
Provision for income taxes	39,326	85,062	78,282	264,986
Net income	$ 75,983	$ 141,670	$ 383,584	$ 463,568
Earnings Per Share				
Basic	$ 0.80	$ 1.31	$ 3.91	$ 4.13
Diluted	$ 0.79	$ 1.30	$ 3.88	$ 4.11
Dividends per share	$ 0.18	$ 0.16	$ 0.52	$ 0.47
Share Data				
Weighted average shares outstanding used in basic per share calculations	95,351,601	107,806,207	98,065,082	112,137,558
Plus: Dilutive securities	951,411	778,075	895,630	653,565
Weighted average shares used in diluted per share calculations	96,303,012	108,584,282	98,960,712	112,791,123

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Stockholders Equity (unaudited)

From December 31, 2010 through September 30, 2011

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(in thousands except number of shares and per share amounts)					
Balance, December 31, 2010	$ 1,453	$ 2,993,957	$ 3,264,025	$ 285,524	$ (1,764,422)	$ 4,780,537
Stock plan exercises	5	332	0	0	0	337
Stock plan compensation expense	0	24,974	0	0	0	24,974
Change in tax benefit from share-based payment arrangements	0	(2,963)	0	0	0	(2,963)
Dividends	0	0	(50,858)	0	0	(50,858)
Acquisition of common stock	0	0	0	0	(360,027)	(360,027)
Comprehensive income:						
Net income	0	0	383,584	0	0	383,584
Other comprehensive income:						
Net change in unrealized gains on securities, net of taxes of $(124,596)	0	0	0	244,435	0	244,435
Net change in other-than- temporary impairment gains recognized in other comprehensive income, net of taxes of $(1,981)	0	0	0	3,679	0	3,679
Net change in foreign currency translation, net of taxes of $3,651	0	0	0	(17,278)	0	(17,278)
Amortization of pension and postretirement unrecognized net periodic benefit cost, net of taxes of $(4,347)	0	0	0	8,052	0	8,052
Total other comprehensive income	0	0	0	0	0	238,888
Total comprehensive income	0	0	0	0	0	622,472
Balance, September 30, 2011	$ 1,458	$ 3,016,300	$ 3,596,751	$ 524,412	$ (2,124,449)	$ 5,014,472

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Cash Flows (unaudited)

Nine Months Ended September 30, 2011 and 2010

	Nine Months Ended September 30, 2011	2010
	(in thousands)	
Net cash provided by operating activities	$ 509,691	$ 465,461
Investing activities		
Sales of:		
Fixed maturity securities available for sale	1,183,324	1,437,872
Equity securities available for sale	71,798	66,985
Property and equipment and other	2,565	118
Maturities, prepayments, and scheduled redemption of:		
Fixed maturity securities available for sale	749,210	567,337
Purchases of:		
Fixed maturity securities available for sale	(1,908,896)	(2,206,168)
Equity securities available for sale	(33,326)	(19,346)
Property and equipment and other	(25,153)	(42,100)
Subsidiary, net of cash transferred	(45,080)	(7,162)
Change in commercial mortgage loans on real estate	12,591	56,934
Change in short-term investments	(155,564)	1,655
Change in other invested assets	(24,900)	(41,415)
Change in policy loans	1,489	(229)
Change in collateral held under securities lending	26,483	85,031
Net cash used in investing activities	(145,459)	(100,488)
Financing activities		
Repayment of mandatorily redeemable preferred stock	(5,000)	0
Change in tax benefit from share-based payment arrangements	(2,963)	(6,665)
Acquisition of common stock	(364,943)	(369,159)
Dividends paid	(50,858)	(52,702)
Change in obligation under securities lending	(26,482)	(85,031)
Change in receivables under securities loan agreements	14,370	0
Change in obligations to return borrowed securities	(14,281)	0
Net cash used in financing activities	(450,157)	(513,557)
Effect of exchange rate changes on cash and cash equivalents	(5,068)	(1,661)
Change in cash and cash equivalents	(90,993)	(150,245)
Cash and cash equivalents at beginning of period	1,150,516	1,318,552
Cash and cash equivalents at end of period	$ 1,059,523	$ 1,168,307

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2011 and 2010

(In thousands, except number of shares and per share amounts)

1. Nature of Operations

Assurant, Inc. (the Company) is a holding company whose subsidiaries provide specialized insurance products and related services in North America and select worldwide markets.

The Company is traded on the New York Stock Exchange under the symbol AIZ.

Through its operating subsidiaries, the Company provides debt protection administration, credit-related insurance, warranties and service contracts, pre-funded funeral insurance, lender-placed homeowners insurance, manufactured housing homeowners insurance, individual health and small employer group health insurance, group dental insurance, group disability insurance, and group life insurance.

2. Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by GAAP for complete financial statements.

The interim financial data as of September 30, 2011 and for the three and nine months ended September 30, 2011 and 2010 is unaudited; in the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods. The unaudited interim consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All inter-company transactions and balances are eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the 2011 presentation.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, and the rules and regulations thereunder (together, the Affordable Care Act) was signed into law in March 2010. One provision of the Affordable Care Act, effective January 1, 2011, established a minimum medical loss ratio (MLR) designed to ensure that a minimum level of benefits are paid to health insurance policyholders. The Affordable Care Act established an MLR of 80% for individual and small group business and 85% for large group business. If the actual loss ratios, calculated in a manner prescribed by the Department of Health and Human Services (HHS), are less than the required MLR, rebates are payable to the policyholders by August 1 of the subsequent year. For additional information, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates in Item 2 contained elsewhere in this report.

Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

3. Recent Accounting Pronouncements

Recent Accounting Pronouncements Adopted

On January 1, 2011, the Company adopted the guidance on multiple deliverable revenue arrangements. This guidance requires entities to use their best estimate of the selling price of a deliverable within a multiple deliverable revenue arrangement if the entity and other entities do not sell the deliverable separate from the other deliverables within the arrangement. In addition, it requires both qualitative and quantitative disclosures. The adoption of this guidance did not have an impact on the Company s financial position or results of operations.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2011 and 2010

(In thousands, except number of shares and per share amounts)

Recent Accounting Pronouncements Not Yet Adopted

In September 2011, the Financial Accounting Standards Board (FASB) issued amendments to the intangibles goodwill and other guidance to allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for an entity to consider in conducting the qualitative assessment. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company chose to early adopt the revised standard as of October 1, 2011 and will apply the amended guidance to its fourth quarter annual test. The amended guidance results in a change in the procedures for assessing goodwill impairment and will not have an impact on the Company s financial position and results of operations.

In July 2011, the FASB issued amendments to the other expenses guidance to address how health insurers should recognize and classify in their income statements fees mandated by the Affordable Care Act. The Affordable Care Act imposes an annual fee on health insurers for each calendar year beginning on or after January 1, 2014. The amendments specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense ratably over the calendar year during which it is payable. The guidance is effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. Therefore, the Company is required to adopt this guidance on January 1, 2014. The Company is currently evaluating the requirements of the amendments and the potential impact on the Company s financial position and results of operations.

In June 2011, the FASB issued amendments to the comprehensive income guidance to provide two alternatives for presenting comprehensive income. An entity can report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Each component of net income and each component of other comprehensive income, together with totals for comprehensive income and its two parts, net income and other comprehensive income, are displayed under either alternative. The statement(s) are to be presented with equal prominence as the other primary financial statements. The amendments eliminate the Company s currently applied option to report other comprehensive income and its components in the statement of changes in stockholders equity. The guidance will not change the items that constitute net income or other comprehensive income, and will not change when an item of other comprehensive income must be reclassified to net income. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Therefore, the Company is required to adopt this guidance on January 1, 2012. Early adoption is permitted, but full retrospective application is required. The Company is currently evaluating which alternative to choose; however, the new presentation requirements will not have an impact on the Company s financial position or results of operations.

In May 2011, the FASB issued amendments to existing guidance on fair value measurement to achieve common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards (IFRS). Consequently, the amendments change the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the FASB does not intend for the amendments to result in a change in the application of the requirements in the fair value accounting guidance. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Therefore, the Company is required to adopt this guidance on January 1, 2012. The amendments are to be applied prospectively. The Company is currently evaluating the requirements of the amendments and the potential impact on the Company s financial position and results of operations.

In October 2010, the FASB issued amendments to existing guidance on accounting for costs associated with acquiring or renewing insurance contracts. The amendments modify the definition of the types of costs incurred by insurance entities that can be capitalized in the acquisition of new and renewal contracts. Under this amended guidance, acquisition costs are defined as costs that are directly related to the successful acquisition of new or renewal insurance contracts. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Therefore, the Company is required to adopt this guidance on January 1, 2012. Prospective application as of the date of adoption is required, however, retrospective application to all prior periods presented upon the date of adoption is permitted, but not required. We expect to adopt the guidance retrospectively. This will result in a reduction in our deferred acquisition cost asset. It will also cause an increase in our liability for future policy benefits and expenses for certain preneed policies whose reserves are calculated utilizing deferred acquisition costs. There will also be a decrease in the amortization associated with the previously deferred acquisition costs. We are evaluating the full effects of implementing the amended guidance, but we currently estimate that the cumulative effect adjustment that will result from our retrospective adoption will reduce the opening balance of retained earnings between $140,000 and $150,000 in the year of adoption,

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2011 and 2010

(In thousands, except number of shares and per share amounts)

net of the related tax benefit. This estimate is preliminary in nature and the actual amount of the reduction may be above or below the range. We currently estimate the adoption of these amendments will result in immaterial changes in net income in 2011 and in the years preceding 2011 to which the retrospective adoption will be applied. The amendments are generally more restrictive with regard to which costs can be deferred and may impact the pattern of reported income for certain products. We are still assessing the impact on future periods, but because of our overall mix of business we do not currently expect the amendments to cause material changes to net income.

4. Business Combinations

On June 21, 2011, in an all cash transaction, the Company acquired the SureDeposit business, the leading provider of security deposit alternatives to the multifamily housing industry, for $45,080. In connection with the acquisition, the Company recorded $25,350 of intangible assets, all of which are amortizable, and $19,608 of goodwill. The primary factor contributing to the recognition of goodwill is the future expected growth of this business. This acquisition expands the multifamily housing product offering and associated cross-selling opportunities with existing clients for the Assurant Specialty Property segment.

5. Investments

The following tables show the cost or amortized cost, gross unrealized gains and losses, fair value and other-than-temporary impairment (OTTI) of our fixed maturity and equity securities as of the dates indicated:

	September 30, 2011				
	Cost or Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	**OTTI in AOCI (1)**
Fixed maturity securities:					
United States Government and government agencies and authorities	$ 130,760	$ 9,466	$ (291)	$ 139,935	$ 0
States, municipalities and political subdivisions	822,875	87,747	(327)	910,295	0
Foreign governments	630,990	62,349	(1,358)	691,981	0
Asset-backed	32,585	2,264	(173)	34,676	1,114
Commercial mortgage-backed	84,318	5,407	(167)	89,558	0
Residential mortgage-backed	853,348	62,087	(1,644)	913,791	8,512
Corporate	7,434,015	828,679	(64,028)	8,198,666	15,367
Total fixed maturity securities	$ 9,988,891	$ 1,057,999	$ (67,988)	$ 10,978,902	$ 24,993
Equity securities:					
Common stocks	$ 12,808	$ 838	$ (330)	$ 13,316	$ 0
Non-redeemable preferred stocks	388,417	29,905	(28,540)	389,782	0
Total equity securities	$ 401,225	$ 30,743	$ (28,870)	$ 403,098	$ 0

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2011 and 2010

(In thousands, except number of shares and per share amounts)

	December 31, 2010				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI (1)
Fixed maturity securities:					
United States Government and government agencies and authorities	$ 244,659	$ 6,050	$ (1,198)	$ 249,511	$ 0
States, municipalities and political subdivisions	829,923	39,568	10,001	20,080,276	

* less than $0.01

The accompanying notes are an intergral part of these interim consolidated financial statements

HALBERD CORPORATION AND SUBSIDIARY
(a development stage company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficit
Balances - August 2, 2007	-	$ -	$ -	$ -	$ -
Common stock issued	10,001	-	-	-	-
Net loss	-	-	-	(223,820)	(223,820)
Balances - April 30, 2008	10,001	$ -	$ -	$ (223,820)	$ (223,820)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Equity (Deficit)
Balances - August 1, 2008 *	20,002,000	$ -	$ -	$ (36,095)	$ (36,095)
Conversion to equity of notes payable and accrued interest	4,600,000	460	322,540	-	323,000
Private placement during January 2009 at $0.22/share	374,000	37	80,963	-	81,000
Shares issued for consulting services during January 2009 at $0.25/share	82,000	8	20,492	-	20,500

Shares issued for consulting services during March 2009 at $0.25/share	1,000,000		1,000		249,000		-		250,000
Direct filing costs associated with registration of common shares	-		-		(40,045)		-		(40,045)
Net loss	-		-		-		(536,697)		(536,697)
Balances - April 30, 2009	26,058,000	$	1,505	$	632,950	$	(572,792)	$	61,663

* As adjusted to reflect recapitalization - Note 1

The accompanying notes are an intergral part of these interim consolidated financial statements

HALBERD CORPORATION AND SUBSIDIARY
(a development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended April 30 2009	2008	Cumulative Period From August 2, 2007 (date of inception) to April 30 2009
Cash flows from operating activities			
Net loss	$ (536,697)	$ (223,820)	$ (572,792)
Adjustments to reconcile net loss to net cash			
provided by (used in) operating activities			
Depreciation	2,135	730	3,558
Deferred income tax valuation allowance	17,330	-	-
Changes in operating assets and liabilities that			
provided (used) cash			
Prepaid expenses	(9,500)	(460)	(9,500)
Accounts payable and accrued expenses	532,641	9,377	567,986
Deferred revenue	918	-	2,428
Due to officers	94,842	48	124,890
Net cash provided by (used in) operating activities	101,669	(214,125)	116,570
Cash flows from investing activities			
Trademark costs	(10,475)	(3,162)	(19,245)
Purchases of property and equipment,			
including website costs	(239,854)	(67,537)	(555,498)
Net cash used in investing activities	(250,329)	(70,699)	(574,743)
Cash flows from financing activities			
Net stockholder line-of-credit borrowings	18,127	-	29,027
Issuance of promissory notes payable	55,000	-	55,000

Issuance of convertible notes payable		-		300,000		300,000
Proceeds from private placement, net of offering costs of $ 12,500		81,000		-		81,000
Net cash provided by financing activities		154,127		300,000		465,027
Net increase in cash and cash equivalents		5,467		15,176		6,854
Cash and cash equivalents - beginning of period		1,387		-		-
Cash and cash equivalents - end of period	$	6,854	$	15,176	$	6,854
Supplemental disclosures of noncash financing activities:						
Issuance of 1,082,000 shares of common stock in exchange for consulting services	$	270,500	$	-	$	270,500
Conversion of notes payable to common stock	$	323,000	$	-	$	323,000
Direct filing costs associated with registration of common shares	$	(40,045)	$	-	$	(40,045)

The accompanying notes are an intergral part of these interim consolidated financial statements

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HALBERD CORPORATION AND SUBSIDIARY
(a development stage company)

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Halberd Corporation and its wholly owned subsidiary Sellmybusinessnow.com, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Organization, Nature of Business (including development stage), and Basis of Presentation

Sellmybusinessnow.com, Inc., is a development stage company that was incorporated under the laws of the state of Michigan on August 2, 2007. The Company began operating under the name “Sellmybusiness.com®” on December 3, 2007. To date, the Company’s activities have been limited to raising capital, obtaining financing, constructing its website and administrative functions. Sellmybusiness.com® intends to provide a single web portal for interested parties to find, buy and sell businesses, real estate and equipment and all the related services needed to support the transaction, including financing, incorporation, professional help and additional business resources. Sellmybusiness.com® intends to support businesses of all sizes and types, including start-ups, well-established companies, home-based businesses, closely-held companies, multinational public corporations and franchises. Sellmybusiness.com®’s real estate listing service will assist business people to buy, sell, lease or sublease commercial land and property. Sellmybusiness.com®’s equipment listing service will provide a portal to buy, sell or lease excess inventory, capital equipment, raw materials, vehicles, aircraft, ships and rail equipment.

On January 26, 2009, Halberd Corporation, a Nevada corporation, was formed by Sellmybusinessnow.com, Inc.’s founders in conjunction with a legal reorganization of the Company. Halberd Corporation is structured to act as the parent company of Sellmybusinessnow.com, Inc. As part of this action, and effective on January 28, 2009, all of the issued and outstanding shares of Sellmybusinessnow.com, Inc. common stock were exchanged on a 2,000-to-1 basis for Halberd Corporation common stock. As a result, the accompanying consolidated financial statements reflect this reorganization and are presented on a consolidated basis and are labeled as those of the parent company. Halberd Corporation and Subsidiary are collectively referred to as the “Company”.

The Company has adopted a fiscal year end of July 31.

HALBERD CORPORATION AND SUBSIDIARY
(a development stage company)

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Basis of Accounting

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP) for interim financial information. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the nine months ended April 30, 2009 are not necessarily indicative of the results that may be expected for the year ended July 31, 2009.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Segment Reporting

The Company has determined that it does not have any separately reportable business segments at April 30, 2009.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits in banks. The Company considers all highly liquid investments purchased with original maturities of six months or less to be cash equivalents.

Revenue Recognition

The Company utilizes the guidance in Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition, to recognize revenue. Under SAB No. 104, revenue is recognized only when persuasive evidence of an agreement exists, delivery of the service has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Payments received in advance of services being rendered are recorded as deferred revenue and recognized on a straight-line basis over the service period.

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As the Company is in the development stage, it has generated limited revenues during the period ended April 30, 2009. Management believes the Company will principally derive its future revenue from customers that pay fees via credit card through the web site for a suite of services to market and search for commercial real estate and operating businesses. These services include a premium membership that provides the customer unlimited access to listings, maximized exposure for their listings, along with enhanced services to market their listings.

Management also anticipates the Company will earn revenue from other sources including advertising revenues, which will be recognized ratably over the period in which the advertisement is displayed on the web site, provided that no significant obligations remain and collection of the resulting receivable is probable. Advertising rates are dependent on the services provided and the placement of the advertisements.

Property and Equipment (including web site costs)

Costs incurred to develop the Company's web site, Sellmybusiness.com®, are capitalized or expensed, as applicable, in accordance with the Financial Accounting Standards Board's Emerging Issues Task Force Issue 00-2, Accounting for Web Site Development Costs (EITF 00-2), which addresses whether certain development costs should be capitalized or expensed. Exhibit 00-2A of EITF 00-2 breaks potential web site development costs into 34 distinct potential activities, among four stages: Planning; Web Site Application and Infrastructure Development; Graphics and Content Development; and Operating. Management analyzes the nature of costs incurred relative to these stages and either capitalizes or expenses the related costs in accordance with EITF 00-2. Because the Company's current web site development costs incurred relate principally to development and testing, the Company is generally capitalizing these costs.

Management periodically reviews these assets to determine whether carrying values have been impaired.

Depreciation and Amortization

Depreciation on equipment is computed using the straight-line method over the estimated useful lives of the related assets which range from three to seven years. Amortization of web site costs did not commence during the period ended April 30, 2009 since the final operating version of the site was not completed as of that date.

Trademark Costs

The Company has capitalized costs to obtain trademarks registered for its three service marks Sellmybusiness.com®, Business Vault®, and Business Watch®. Such costs principally relate to legal fees incurred. These intangible assets have been determined to have a life of 15 years and the Company will begin amortizing them when full website operations begin (scheduled for July 2009).

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Deferred income taxes relate principally to the Company's net operating loss carry forward.

Concentration Risks

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents and when they exist, trade accounts receivable. Cash and cash equivalents are deposited with high credit quality financial institutions. The Company's revenue and accounts receivable are primarily derived from credit card transactions with subscribers and are typically settled within two to three business days.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

Net Income (loss) Per Share

Net income (loss) per share is calculated under the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share. "Diluted" reflects the potential dilution of all common stock equivalents except in cases where the effect would be anti-dilutive. Common stock equivalents of 4,508,000 were excluded from net loss per diluted share for all prior periods presented as this effect would have been anti-dilutive. These common stock equivalents were converted to common stock during January 2009 and as such are reflected in weighted average common shares outstanding for the periods ended April 30, 2009.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued three related Staff Positions (FSP): (i) FSP 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions That Are Not Orderly", (ii) FSP Statement of Financial Accounting Standard (SFAS) 115-2 and SFAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments", and (iii) FSP SFAS 107-1 and Accounting Principles Board (APB) 28-1, "Interim Disclosures about Fair Value of Financial Instruments", each of which will be effective for interim and annual periods ending after June 15, 2009. FSP 157-4 provides guidance on how to determine the fair value of assets and liabilities under SFAS 157 Fair Value Measurements, in the current economic environment and reemphasizes that the objective of a fair value measurement remains the determination of an exit price. FSP SFAS 115-2 and SFAS 124-2 modify the requirements for recognizing other-than-temporarily impaired debt securities and revise the existing impairment model for such securities by modifying the current intent and ability indicator in determining whether a debt security is other-than-temporarily impaired. FSP SFAS 107 and APB 28-1 enhance the disclosure of instruments under the scope of SFAS 157 for both interim and annual periods. We are currently evaluating the potential impact of these Staff Positions.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," (SFAS 141(R)), which replaces SFAS 141. SFAS 141(R) establishes principles and requirements for recognition and measurement of assets, liabilities and any non-controlling interest acquired due to a business combination. Under SFAS 141(R) the entity that acquires the business (whether in a full or partial acquisition) may recognize only the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at fair value. SFAS 141(R) requires the acquirer to recognize goodwill as of the acquisition date, measured as a residual. Under SFAS 141(R), acquisition-related transaction and restructuring costs will be expensed as incurred rather than treated as part of the acquisition cost and included in the amount recorded for assets acquired. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. Accordingly, the Company will apply the provisions of SFAS 141(R) for acquisitions completed after July 31, 2009.

In April 2009, the FASB issued FSP No. 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies". FSP 141R-1 amends the provisions in FASB Statement 141R for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. FSP 141R-1 eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria in Statement 141R and instead carries forward most of the provisions in SFAS 141 for acquired contingencies. FSP 141R-1 is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect that FSP 141R-1 will not have an impact on our consolidated financial statements at this time.

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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In April 2008, the FASB issued FASB Staff Position, No. 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP 142-3”). This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets”. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R), “Business Combinations,” and other U.S. generally accepted accounting principles. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and early adoption is prohibited. Accordingly, this FSP is effective for the Company on August 1, 2009. The Company does not believe the adoption of FSP 142-3 will have a material impact on its financial position, results of operations or cash flows.

Other recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to apply to the Company or to have a material impact on the Company’s reported results of operations on a per share basis.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following assets at:

	April 30, 2009	July 31, 2008
Web site costs	$ 542,123	$ 302,269
Phone system	8,464	8,464
Computer equipment	4,911	4,911
Total	555,498	315,644
Less accumulated depreciation	3,558	1,423
Property and equipment, net	$ 551,940	$ 314,221

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HALBERD CORPORATION AND SUBSIDIARY
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NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS (including debt and leases)

The Company's majority stockholder has provided a $75,000 revolving line of credit to the Company. Outstanding advances bear interest at 10% per annum, and any such advances are due May 1, 2010. A total of $29,027 and $10,900 was outstanding as of April 30, 2009 and July 31, 2008, respectively. Interest of $2,118 and $160 on such advances is included with accrued expenses in the accompanying balance sheet at April 30, 2009 and July 31, 2008, respectively.

The Company incurred rent expense of $3,100 for the initial period ended July 31, 2008 under a month to month lease with an entity in which the Company's majority stockholder is an owner. Beginning October 1, 2008, the Company began leasing space from the majority stockholder for $1,500 per month on a month to month basis. Rent expense under these agreements for the nine months ended April 30, 2009 and April 30, 2008 was $13,500 and $6,000, respectively.

The Company leases its domain name from an entity owned by its majority stockholder. Rent expense for the nine months ended April 30, 2009 and 2008 were $287 and $77, respectively. The related liabilities are included in accrued expenses at April 30, 2009 and 2008. The monthly rent for use of the domain name is 5% of revenues.

The Company accrues $5,000 a month for services provided by its majority and a minority stockholder. Such amounts are included in the accompanying balance sheet under "Due to Officers", as well as a miscellaneous amount of $48 due to the majority stockholder. The balance due to officers as of April 30, 2009 and July 31, 2008 are $124,890 and $30,048, respectively.

During the current year the Company entered into a services agreement with a shareholder for consulting services under which the Company is required to pay $7,500 a month. Related expense for the nine months ended April 30, 2009 is $37,500.

4. PROMISSORY NOTES PAYABLE

In April 2009, the Company issued promissory notes totaling $55,000 to five stockholders. The notes were due two months after issuance at the principal amount plus 25% of the loan. The maturity of these notes has been extended to August 2009 at the rate of $500 per $10,000 in loan principal outstanding.

5. CONVERTIBLE DEBT

On January 1, 2008, the Company issued convertible promissory notes totaling $300,000 to eight stockholders, who own a combined 15% of the Company's common stock. The notes bore interest at 10% per annum and were due on the earlier of the Company registering any of its securities under the Securities Act of 1933, or eighteen months after the date of the note (April through July 2009). In addition, each of the note holders could convert the entire outstanding amount of their note including accrued interest into shares of the Company's common stock at any time up to the maturity date of the respective note.

During January 2009, all of the convertible debt was converted to equity, resulting in the issuance of 4,508,000 shares of the Company's common stock. Related accrued interest of $23,000 on these loans was also converted to equity, resulting in the issuance of 92,000 shares of the Company's common stock. All shares in this note have been adjusted to reflect the exchange discussed in Note 1.

6. CAPITAL STOCK

The Company's initial common shares issued to its two founders and eight initial investors were issued for no consideration and are thus carried at a value of zero in the accompanying balance sheet as no services were performed or were required to be performed in order for any of the original investors to obtain their shares. Management determined the fair value of the initial shares to be zero given the start-up nature of the business which included a lack of operational history, lack of share liquidity and lack of corporate financing for operations at the time of issuance.

The Company has authorized 10,000,000 shares of preferred stock at a par value of $0.001. No preferred shares are issued or outstanding as of January 31, 2009. Any preferences, rights, voting powers, restrictions, dividend limitations, qualifications, and terms and conditions of redemption shall be set forth and adopted by a board of directors' resolution prior to the issuance of any series of preferred stock.

During January 2009, the Company issued a private placement memorandum ("PPM") to increase the number of shareholders to a minimum of 35. The PPM resulted in the Company issuing 374,000 shares of common stock to 32 additional stockholders in exchange for cash consideration of $93,500. The offering costs of $12,500 were offset against the proceeds. In addition, during January 2009 seven vendors were owed a total of $20,500 as of December 31, 2008 were issued 82,000 shares of common stock in settlement of amounts owed to them.

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During March 2009, the Company issued 1,000,000 shares of common stock to a consultant (and related party) for organizational services rendered. The shares were valued at $250,000 and the related expense was recognized as an operating expense during the quarter ended April 30, 2009

As detailed in our S-1/A registration statement filed April 14, 2009, 656,000 common shares held by 48 existing shareholders were registered for resale. No additional capital was raised as a result of this registration.

During April 2009 the Company entered into an equity line of credit agreement which allows the Company to sell up to $25,000,000 of the Company's common stock over the course of 48 months at 93% of the market price. As of April 30, 2009 no such sales have been entered into under the agreement.

7. INCOME TAXES

The Company establishes valuation allowances in accordance with the provisions of SFAS No. 109, Accounting for Income Taxes. The Company continually reviews the realizability of deferred tax assets and recognizes these benefits only as reassessment indicates that it is more likely than not that such tax benefits will be realized.

As of April 30, 2009, the Company has a net operating loss carryforward for federal income tax purposes of approximately $577,678, which expires through 2023, available to reduce federal taxable income, if any, of future periods.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets, liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax liabilities and assets are summarized as follows as of April 30, 2009 and July 31, 2008:

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		April 30, 2009		July 31, 2008
Deferred tax assets:				
Net operating loss carry forward	$	577,678	$	48,500
Depreciation and other		5,758		2,400
Total deferred tax assets		583,436		50,900
Expected tax rate		34%		34%
Gross deferred income tax assets	$	198,368	$	17,330
Less valuation allowance		-198,368		-
Net deferred income tax asset	$	-	$	17,330

At April 30, 2009, the Company did not recognize any current or deferred federal or state income tax benefit because it has sustained operating losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carryforwards, because of uncertainty regarding its realizability.

Effective January 1, 2008, the state of Michigan enacted the Michigan Business Tax Act ("MBTA"), replacing the Michigan single business tax with a business income tax and modified gross receipts tax. The enactment of the MBTA does not have a material impact on the consolidated financial statements of the Company to date.

7. OPERATING LEASE

The Company utilizes the services of a third party that houses and maintains its web site server. Such services are provided under a month to month lease for $650 per month.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Form 10-Q may contain “forward-looking statements”. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements about the Company’s market opportunities, strategies, competition and expected activities and expenditures, and at times may be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “project”, “believe”, “anticipate”, “expect”, “plan”, “estimate”, “forecast”, “potential”, “intend”, “continue” and varia words or comparable words. Forward-looking statements inherently involve risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risks described below under “Risk Factors” in Part II, Item 1A. The Company undertakes no obligation to update any forward-looking statements for revisions or changes after the date of this Form 10-Q.

Our business

We are a development stage company that was incorporated under the laws of the State of Nevada on January 26, 2009. On January 28, 2009, we entered into a share purchase agreement with SellMyBusinessNow.com, Inc. (DBA SellMyBusiness.com), a corporation established under the laws of the State of Michigan in August 2007, pursuant to which we acquired all the shares of common stock of SellMyBusiness for 25,058,000 shares of our common stock. As a result, SellMyBusiness became our wholly-owned subsidiary.

To date, the Company’s activities have been limited to raising capital, obtaining financing, constructing its website and administrative functions. As reflected in the accompanying financial statements, we had liabilities of $525,876; and a net loss of $572,792 for the period from inception to April 30, 2009. We had liabilities of $525,876, and a net loss of $536,697 for the nine months ended April 30, 2009, respectively.

Plan of Operation

We have begun limited operations, and we require outside capital to implement our business model.

1. We believe we can complete development of version 2 of the website, continue marketing efforts in the U.S., continue the Company’s national public relations campaign, develop local language versions of the website in select international markets, launch targeted marketing campaigns internationally.

2. All business functions will be coordinated and managed by our CEO Mark Lundquist, President & COO John Maddox, and our consultants.

3. Within 120 days of the initiation of our marketing campaign, we believe we will begin to generate expanded revenues from our targeted approach.

Based on the development stage of the Company and its operational plan, management believes that the Company will incur operating losses in the foreseeable future. Management has developed an operational plan that has been presented to various institutional funds and has entered into an Equity line with Dutchess Capital for securities financing. However, access to the investment fund is predicated on the market for the Company’s stock and therefore the Company cannot issue assurances that our shareholders will not be diluted by investment of such capital, or to the extent of the dilution. Also, we cannot assure that securities issued in exchange for such capital will not be sold on terms more favorable than those of the shares sold in current or other offerings. The availability of such funding is subject to credit, economic, market and legal constraints. The inability to secure required capital from the fund could have a material adverse effect on our business, operation results, or financial condition. Additionally, there are no guarantees that any additional financing can be obtained.

Limited Operating History

We are a developmental business listing and services Company incorporated on January 26, 2009, and as such had minimal operating revenues to date. Further, we have limited assets and earnings to date. The success of our company is dependent upon the extent to which it will gain market share. All financial information and financial projections and other assumptions made by us are speculative and, while based on management's best estimates of projected sales levels, operational costs, consumer preferences, and the general economic and competitive health of our company in the business listing and services marketplace, there can be no assurance that we will operate profitably or remain solvent.

Results of Operations

As of the most recent quarter ended April 30, 2009, we had cash on hand of $6,854, and our total assets were $587,539 while our total liabilities were $525,876. We had shareholder’s equity of $61,663.

For the nine months ended April 30, 2009, we had a net loss of $536,697. The company has had minimal revenues since 2007 and will need to raise capital to further its operations. Based on the development stage of the Company and its operational plan, management believes that the Company will incur operating losses in the foreseeable future. Management has developed an operational plan that has been presented to various institutional funds and has entered into a an Equity line with Dutchess Capital for securities financing. Management believes that it can enter into definitive agreements with the funder on terms that are acceptable. However, access to the investment fund is predicated on the market for the Company’s stock and therefore the Company cannot issue assurances that our shareholders will not be diluted by investment of such capital, or to the extent of the dilution. Also, we cannot assure that securities issued in exchange for such capital will not be sold on terms more favorable than those of the shares sold in current or other offerings. The availability of such funding is subject to credit, economic, market and legal constraints. The inability to secure required capital from the fund could have a material adverse effect on our business, operation results, or financial condition. Additionally, there are no guarantees that any additional financing can be obtained.

Liquidity and Capital Resources

We anticipate based on the development stage of our Company and our operational plan we will incur operating losses in the foreseeable future. We have developed an operational plan that has been presented to potential private investment in public equity (“PIPE”) funders with the result that we have secured a an Equity line with Dutchess Capital for $25 million in securities to assist in the Company’s development and growth. Therefore, we believe we can satisfy our cash requirements for the future based upon our access to capital from this Securities Financing Agreement (“SFA”) and our ability to generate cash from operations.

The amount of funding required from the SFA and our desire to request funding from the SFA is based on our ability to generate revenue from operations. If actual revenue exceeds projections the company’s need for SFA funding is diminished. If actual revenue trails projections the Company’s need for SFA funding is heightened and is dependent on the market for our stock. Therefore, there is no assurance that we will either need or be successful in completing all portions of the PIPE, secondary offering or any other financing when we have an active market for our stock. Our investors should assume that any portions of SFA or other outside funding will cause substantial dilution to current stockholders. Further, there can be no assurances that the SFA will close and that we will have access to this capital.

The foregoing represents our best estimate of our cash needs based on current planning and business conditions. The exact allocation, purposes and timing of any monies raised in subsequent private financings may vary significantly depending upon the exact amount of funds raised and our progress with the execution of our business plan.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that we are required to disclose pursuant to these regulations. In the ordinary course of business, we enter into operating lease commitments, purchase commitments and other contractual obligations. These transactions are recognized in our financial statements in accordance with generally accepted accounting principles in the United States.

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A summary of significant accounting policies is included in Note 1 to the audited consolidated financial statements for the year ended July 31, 2008. Management believes that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our Company's operating results and financial condition.

Recently Issued Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued three related Staff Positions (FSP): (i) FSP 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions That Are Not Orderly”, (ii) FSP Statement of Financial Accounting Standard (SFAS) 115-2 and SFAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”, and (iii) FSP SFAS 107-1 and Accounting Principles Board (APB) 28-1, “Interim Disclosures about Fair Value of Financial Instruments”, each of which will be effective for interim and annual periods ending after June 15, 2009. FSP 157-4 provides guidance on how to determine the fair value of assets and liabilities under SFAS 157 Fair Value Measurements, in the current economic environment and reemphasizes that the objective of a fair value measurement remains the determination of an exit price. FSP SFAS 115-2 and SFAS 124-2 modify the requirements for recognizing other-than-temporarily impaired debt securities and revise the existing impairment model for such securities by modifying the current intent and ability indicator in determining whether a debt security is other-than-temporarily impaired. FSP SFAS 107 and APB 28-1 enhance the disclosure of instruments under the scope of SFAS 157 for both interim and annual periods. We are currently evaluating the potential impact of these Staff Positions.

In December 2007, the FASB issued SFAS No. 141(revised 2007), “Business Combinations,” (SFAS 141(R)), which replaces SFAS 141. SFAS 141(R) establishes principles and requirements for recognition and measurement of assets, liabilities and any non-controlling interest acquired due to a business combination. Under SFAS 141(R) the entity that acquires the business (whether in a full or partial acquisition) may recognize only the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at fair value. SFAS 141(R) requires the acquirer to recognize goodwill as of the acquisition date, measured as a residual. Under SFAS 141(R), acquisition-related transaction and restructuring costs will be expensed as incurred rather than treated as part of the acquisition cost and included in the amount recorded for assets acquired. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. Accordingly, the Company will apply the provisions of SFAS 141(R) for acquisitions completed after July 31, 2009.

In April 2009, the FASB issued FSP No. 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies". FSP 141R-1 amends the provisions in FASB Statement 141R for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. FSP 141R-1 eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria in Statement 141R and instead carries forward most of the provisions in SFAS 141 for acquired contingencies. FSP 141R-1 is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect that FSP 141R-1 will not have an impact on our consolidated financial statements at this time.

In April 2008, the FASB issued FASB Staff Position, No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"). This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets". The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R), "Business Combinations," and other U.S. generally accepted accounting principles. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and early adoption is prohibited. Accordingly, this FSP is effective for the Company on August 1, 2009. The Company does not believe the adoption of FSP 142-3 will have a material impact on its financial position, results of operations or cash flows.

Other recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to apply to the Company or have a material impact on the Company's reported results of operations on a per share basis.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to certain market risks including changes in interest rates. The Company does not undertake any specific actions to limit those exposures.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing date of this report. In designing and evaluating the Company's disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that as of April 30, 2009, the Company's disclosure controls and procedures were (1) designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

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Limitations on the Effectiveness of Internal Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material errors. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations on all internal control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of internal control is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in circumstances, and/or the degree of compliance with the policies and procedures may deteriorate. Because of the inherent limitations in a cost effective internal control system, financial reporting misstatements due to error or fraud may occur and not be detected on a timely basis.

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in the above paragraph.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Currently we are not aware of any litigation pending or threatened by or against the Company

ITEM 1A. RISK FACTORS

Not applicable for smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer

SIGNATURES

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.

HALBERD CORPORATION

Date: June 19, 2009	By:	/s/ Mark Lundquist Mark Lundquist Chief Executive Officer,
Date: June 19, 2009	By:	/s/ Joel Ungar Joel Ungar Chief Financial Officer,

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