ONSPAN NETWORKING INC
Form 10QSB
September 18, 2006

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For Quarter Ended: June 30, 2006

Commission File Number: 0-22991

ONSPAN NETWORKING, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA	87-0460247
(State of Incorporation)	(IRS Employer ID No)

21218 ST ANDREWS BLVD #610, BOCA RATON, FL 33433
(Address of principal executive office)

(561) 542-1334
(Issuer's telephone number)

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) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ].

The number of shares outstanding of registrant's common stock, par value $.012 per share, as of June 30, 2006 was 1,089,219.

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X].

OnSpan Networking, Inc.

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ONSPAN NETWORKING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
AS OF JUNE 30, 2006 AND SEPETMBER 30, 2005

	June 30, 2006	September 30, 2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,510	$ 16,065
Prepaid Expenses	-	2,372
Marketable Securities	2,306	152,500
Deferred tax asset	-	-
Total current assets	8,816	170,937
Property and equipment, net	-	1,894
Total assets	$ 8,816	$ 172,831
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 14,377	$ 68,475
Notes payable - Shareholder	310,012	40,209
Accrued wages	399,600	283,100
Deferred tax liability	-	44,930
Total current liabilities	723,989	436,714
Dividend payable	30,946	30,946
Total Liabilities	754,935	467,660

COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred stock; $.001 par value; authorized 12,500 shares; issued and outstanding 2,713 shares; liquidation preference $271,300	2	2
Common stock, $.012 par value. Authorized 8,333,333 shares; issued and outstanding 1,089,219 shares	13,071	13,071
Paid-in capital	7,935,685	7,908,845
Accumulated other comprehensive income, net of tax	(3,992)	74,470
Accumulated deficit	(8,690,885)	(8,291,217)
Total stockholders' deficit	(746,119)	(294,829)
Total liabilities and stockholders' deficit	$ 8,816	$ 172,831

See accompanying notes to unaudited condensed consolidated financial statements.

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ONSPAN NETWORKING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2006 AND 2005

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
REVENUES	$ -	$ -	$ -	$ -
COSTS AND EXPENSES:				
Salaries and wages	39,000	45,600	118,000	106,600
Other selling, general and administrative expenses	136,691	25,907	281,404	182,675
	175,691	71,507	399,404	289,275
Loss from operations	(175,691)	(71,507)	(399,404)	(289,275)
OTHER INCOME (EXPENSE):				
Other income	-	-	17,250	-
Interest income	1	68	2	814
Loss on disposal of fixed assets	(1,368)	-	(1,368)	-
Loss on sale of marketable securities	(16,148)	-	(16,148)	-
Total other income (expense)	(17,515)	68	(264)	814
LOSS BEFORE INCOME TAXES	(193,206)	(71,439)	(399,668)	(288,461)
INCOME TAXES	-	-	-	-
NET LOSS	$ (193,206)	$ (71,439)	(399,668)	(288,461)

BASIC AND DILUTED NET LOSS PER SHARE ..	$ (0.18)	$ (0.07)	$ (0.37)	$ (0.26)
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED	1,089,219	1,090,677	1,089,219	1,090,677

See accompanying notes to unaudited condensed consolidated financial statements.

ONSPAN NETWORKING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(399,668)	$(288,461)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	526	946
Common stock received in exchange for leasehold improvements	-	(6,100)
Loss on disposal of fixed assets	1,368	-
Loss on sale of marketable securities	16,148	-
Contributed legal services by Chief Executive Officer	26,840	-
Change in assets and liabilities		
Prepaid expenses	2,372	(2,372)
Accounts payable	(54,097)	(18,434)
Accrued interest	12,803	-
Accrued wages payable	116,500	92,200
Net cash used in operating activities	(277,208)	(222,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase marketable securities	-	(27,000)
Proceeds from sale of marketable securities	10,653	-
Capital expenditures	-	-
Net cash used in investing activities	10,653	(27,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of notes payable - Shareholder	257,000	-
Bank overdraft	-	7,260
Net cash provided by financing activities	257,000	7,260
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,555)	(241,961)
CASH AND CASH EQUIVALENTS, beginning of period	16,065	241,961

CASH AND CASH EQUIVALENTS, end of period	$ 6,510	$ -
	=========	=========

See accompanying notes to unaudited condensed consolidated financial statements.

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ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

A. ORGANIZATION

HISTORY OF BUSINESS

Originally incorporated in 1985, as Network Information Services, Inc., Network Systems International, Inc. ("NESI"), a Nevada corporation, was the surviving corporation of a reverse merger completed in April 1996. The Company became a publicly traded entity in connection with the re-organization. On July 10, 1998, the Company's stock was officially approved for listing on the NASDAQ Small Cap market and the Company's common stock began trading on NASDAQ Small Cap under the symbol NESI. As of April 2, 2002, the securities were de-listed from the NASDAQ Small Cap market and now trade on the Over-The-Counter Bulletin Board under the symbol ONSP. Effective February 10, 2001, the Company changed its name from Network Systems International, Inc., to Onspan Networking, Inc. (the "Company" or "Onspan"). On October 9, 2001, the Company affected a 1 for 12 reverse stock split of its issued and outstanding common stock. Prior to August 5, 2002, the Company, a Nevada corporation, was a holding company, that through its wholly owned subsidiary, InterLAN Communications, Inc. ("InterLAN"), developed data communications and networking infrastructure solutions for business, government and education. On August 5, 2002, the Company completed the sale of its operating division InterLAN and announced a change in its strategy of business as discussed under Discontinued Operations below. April 22, 2003 the Company created a new subsidiary, Coventry 1 Inc. that is a Nevada Corporation. The Company's other subsidiary, Onspan SmartHouse, Inc., is a Florida Corporation. Currently the Company has 3 full time employees.

On May 27, 2004, the Company entered into a stock purchase agreement with Herbert Tabin, its President and Chief Executive Officer, and Gary Schultheis, an employee of the Company, pursuant to which the Company sold its wholly-owned subsidiary, Coventry 1, Inc., to Messrs. Tabin and Schultheis. Messrs. Tabin and Schultheis also agreed to pay the Company 0.75% of the gross sales amount of the property upon any subsequent sale provided the gross sales price exceeds $2,000,001. On March 1, 2006 Messrs. Tabin and Schultheis sold the above property for $2,300,000 and paid to the Company $17,250. The Company sold the real estate project in order to service mounting legal expenses associated with litigation.

BASIS OF PRESENTATION

The financial statements included in this report have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting and include all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation. These financial statements have not been audited.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations for interim reporting. The Company believes that the disclosures contained herein are adequate to make the information presented not misleading. However, these financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report for the year ended September 30, 2005, which is included in the Company's Form 10-KSB for the year ended September 30, 2005. The financial data for the interim periods presented may not necessarily reflect the results to be anticipated for the complete year.

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ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

B. ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements for the period ended June 30, 2006 include the accounts of Onspan Networking, Inc. and its subsidiary, Onspan Smarthouse Inc. All significant intercompany accounts and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts payable and accrued wages approximate fair value as of June 30, 2006, because of the short maturity of these instruments.

REVENUE RECOGNITION

The Company will recognize revenue when earned and realizable

MARKETABLE SECURITIES

The Company's marketable securities are classified as available-for-sale and are stated at fair value determined by the last recorded trading price of each security at the balance sheet date. Unrealized gains and losses are included in Accumulated Other Comprehensive Income, net of applicable income taxes. Related gains or losses and declines in value, if any, judged to be other than temporary on available-for-sale securities are reported in non operating expenses. For purposes of determining realized gains and losses the loss of securities sold is based on specific identification.

PREFERRED STOCK

At June 30, 2006, the Company had 2,713 shares outstanding of its Series A Convertible Preferred Stock ("Series A"). Series A has a stated liquidation preference value of $100 per share redeemable at the Company's option, has no voting rights, and each preferred share is convertible to 4 shares of the Company's common stock as adjusted for the 1 for 12 reverse stock split. Dividends on the Series A were to be paid monthly in cash at a rate of 12% of the original issue. The Company's Board of Directors, elected to suspend the payment of Series A dividends. This decision was made in light of the general economic conditions. In particular, the Board took such actions as necessary to preserve the Company's working capital in order to ensure the continued viability of the Company. The Board of Directors is unable at this time to predict if and when the Company will resume the payment of cash dividends on its Series A 12% Cumulative Convertible Preferred Stock. As of June 30, 2006 the amount of accumulated unpaid dividends on the preferred stock is approximately $156,000.

ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, the liability method is used in accounting for income taxes and deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

STOCK OPTION PLAN

Effective January 1, 2006, the Company adopted SFAS 123R using the modified prospective approach and accordingly, prior periods have not been restated to reflect the impact of SFAS 123R.

Prior to the Company's adoption of SFAS No. 123R "Accounting for Stock Based Compensation" ("SFAS 123R"), the Company applied the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, in accounting for its stock option plan. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

SFAS No. 123 requires the Company to disclose pro forma information regarding option grants made to its employees. SFAS 123 specifies certain valuation techniques that produce estimated compensation charges that are included in the pro forma results below. These amounts have not been reflected in the Company's Condensed Consolidated Statement of Operations, because Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees," specifies that no compensation charge arises when the price of the employees' stock options equal the market value of the underlying stock at the grant date, as in the case of options granted to the Company's employees.

The pro forma amount was as follows for the period ended June 30:

	2006	2005
Actual net loss	$ (399,668)	$ (288,461)
Pro forma net loss	$ (399,668)	$ (288,461)
Pro forma basic and diluted net loss per share	$ (.37)	$ (.26)

ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

LOSS PER SHARE

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share". Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share do not reflect the potential dilution from the exercise or conversion of securities into common stock as such effect was antidilutive.

USE OF ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Expenditures for significant renewals and improvements are capitalized. Repairs and maintenance are charged to expense as incurred. Depreciation is computed on a straight-line method based upon the useful lives of the assets.

C. PROPERTY AND EQUIPMENT

The Company disposed of $6,612 of fixed assets during the nine months ended June 30, 2006, and recognized a loss on disposal of $1,368.

Depreciation expense for the nine month period ended June 30, 2006 and 2005 is $526 and $946, respectively.

D. MARKETABLE SECURITIES

On October 15, 2004, the Company purchased 150,000 shares for $.18 per share for an aggregate purchase price of $27,000. (1,200,000 shares post split) of Evolve One, Inc, a related party where certain officers and directors of the Company were also officers and directors of Evolve One Inc. until January 2005, in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of the Securities Act.

The Company terminated its sub-lease agreement with Evolve One Inc., as of January 20, 2005. Evolve One, Inc. agreed to compensate the Company 20,000 shares of Evolve One, Inc. restricted common stock for the capital improvements abandoned by the Company.

On April 28, 2006, the Company entered into a stock purchase agreement with Progress Partners, Inc., a Florida corporation, and certain individuals to sell 1,191,172 of its 1,200,000 shares of Evolve One, Inc. currently owned by the Company for $10,653.11. The company recognized a loss on this sale of $16,148.

ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

The basis of equity securities as shown in the accompanying balance sheet and their estimated market value at June 30, 2006 is as follows:

	2006
Available-for-sale securities:	
Cost	6,298
Unrealized (loss)	(3,992)
	2,306

E. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At June 30, 2006 and 2005, the Company had no amounts in excess of FDIC insured limit.

F. OTHER COMPREHENSIVE INCOME (LOSS)

The following represents a reconciliation of other comprehensive income for the nine months ended June30, 2006:

Cost of marketable equity securities	$ (6,298)
Quoted market price	2,306
Net accumulated other comprehensive income (loss)	$ (3,992)

G. NOTE PAYABLE - SHAREHOLDER

The Company has issued the following Secured Promissory Notes payable to its President, Herbert Tabin:

DATE	AMOUNT	INTEREST RATE	MATURITY DATE
July 13, 2005	15,000	5.25%	December 15, 2005
September 20, 2005	25,000	5.25%	December 15, 2005
October 15, 2005	20,000	5.25%	December 15, 2005
December 7, 2005	45,000	5.25%	March 7, 2006
December 14, 2005	35,000	5.25%	March 15, 2006
February 3, 2006	10,000	5.25%	May 15, 2006
March 5, 2006	25,000	5.25%	July 15, 2006
March 27, 2006	30,000	5.25%	July 15, 2006
June 12, 2006	92,000	5.25%	September 15, 2006
Accrued Interest	13,012		
Balance, March 31, 2006	310,012		

At June 30, 2006, secured promissory notes in the amount of $150,000 were in default. As a result, the interest rate on these notes increase an additional 12% per annum.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

H. INCOME TAXES

The provision for income taxes for the nine months ended June 30, 2006 consists of the following components:

Continuing operations	
Federal:	
Current	$ -
Deferred	-
	$ -

Reconciliation of the Federal Statutory Income Tax rate to the Company's effective income tax rate is as follows:

Computed at the Statutary rates (34%)	$ (135,887)
Non deductible expenses	-
State income taxes (net of federal tax benefit)	(14,508)
Realized loss on marketable securities	46,432
Reinstatement/Change in valuation allowance	(103,963)
Tax provision (benefit)	$ -

The significant temporary differences that give rise to a deferred tax asset as of June 30, 2006 as follows:

Deferred tax asset:	
Accrued compensation	$ 148,978
Capital loss Carryforward	41,798
NOL Carryforward	827,487
Unrealized loss on marketable securities	1,502
Total deferred tax asset	1,019,765
Less valuation allowance	(1,019,765)
Net deferred tax asset	$ -

The net change in the total valuation allowance for the nine month period ended June 30, 2006 was an increase of $105,364.

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Pursuant to sections 382 and 383 of the internal revenue code, annual use of any of the Company's net operating loss and credit carryforward may be limited if cumulative change in ownership of more than 50% occur during any three year decrease.

ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

I. RELATED PARTY TRANSACTIONS

For the period ended June 30, 2006 the Company accrued $53,500 in salaries for its President Herbert Tabin. As of June 30, 2006 the Company had a total of $191,200 accrued salaries to Mr. Tabin.

On October 15, 2004 The Company purchased 150,000 shares for $.18 per share for an aggregate purchase price of $27,000. (1,200,000 shares post split) of Evolve One, Inc, a related party where certain officers and directors of the Company were also officers and directors of Evolve One Inc. until January 2005, in a private transaction exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(2) of the Securities Act.

On April 28, 2006, the Company entered into a stock purchase agreement with Progress Partners, Inc., a Florida corporation, and certain individuals to sell 1,191,172 of its 1,200,000 shares of Evolve One, Inc, a related party where certain officers and directors of the Company were also officers and directors of Evolve One Inc. currently owned by the Company for $10,653.11.

On May 27, 2004, the Company entered into a stock purchase agreement with Herbert Tabin, its President and Chief Executive Officer, and Gary Schultheis, an employee of the Company, pursuant to which the Company sold its wholly-owned subsidiary, Coventry 1, Inc., to Messrs. Tabin and Schultheis. Messrs. Tabin and Schultheis also agreed to pay the Company 0.75% of the gross sales amount of the property upon any subsequent sale provided the gross sales price exceeds $2,000,001. On March 1, 2006 Messrs. Tabin and Schultheis sold the above property for $2,300,000 and paid to the Company $17,250.

The Company has agreed to indemnify the Directors against losses from litigation, and has provided for any expected losses resulting from various legal proceedings.

J. LOSS PER SHARE

Basic loss per share is computed by dividing loss applicable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if options to issue 377,677 shares of dilutive potential common stock had been converted to common stock.

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ONSPAN NETWORKING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following reconciles amounts reported in the financial statements:

	2006	2005
Net loss	$ (399,668)	$ (288,461)
Denominator for basic loss per share -		
Weighted average shares	1,089,219	1,090,677
Effect of dilutive securities - stock options	-	-

Denominator for diluted loss per share - Weighted average shares adjusted for dilutive securities	1,089,219	1,090,677
Basic and diluted loss per common share	$ (.37)	$ (.26)

K. LEGAL PROCEEDINGS

1. Securities Actions:

RICHARD T. CLARK AND JOEL C. HOLT V. HERBERT TABIN AND GARY SCHULTHEIS, United States District Court Northern District of Oklahoma, Case No. 03-CV-289K(J). On March 28, 2003, Plaintiffs Richard Clark and Joel Holt ("Plaintiffs") filed a petition in the Tulsa County District Court alleging claims against the Company and its President, CEO and Director, Herbert Tabin ("Tabin"), for, among other things, fraud, breach of fiduciary duty, and breach of contract. On May 1, 2003, the Company, along with Tabin, removed this action to the United States District Court for the Northern District of Oklahoma and filed a Motion to Dismiss all claims. On October 15, 2003, Plaintiffs withdrew their claims and filed an Amended Complaint asserting claims against Tabin, both individually and derivatively, on behalf of the Company. Plaintiffs also asserted claims against the Company. Plaintiffs sought damages in the amount of $300,000 each, as well as punitive damages. The Company retained independent counsel to conduct an investigation into the allegations by Plaintiffs made derivatively on behalf of the Company and, based on that investigation, determined that no action on behalf of the Company was warranted. Defendants also filed a Motion to dismiss all of the allegations in the Amended Complaint.

On October 19, 2004, Plaintiffs filed a Second Amended Complaint in which they dropped the Company as a defendant and dropped the derivative shareholder claims. Plaintiffs added Gary Schultheis as an individual defendant. The Second Amended Complaint alleges claims against Tabin and Schultheis individually. Defendants filed Motions to Dismiss the Second Amended Complaint which was denied by the Court. On December 2, 2005, Plaintiffs filed a Third Amended Complaint alleging claims against Tabin and Schultheis individually for breach of contract, breach of fiduciary duty, civil conspiracy, and violations of Oklahoma securities laws. Plaintiffs seek damages in the amount of $300,000 each, plus the amount of lost opportunity to gain on their investments, less the value of their investments at the time of trial, along with interest costs, attorneys' fees and punitive damages. Plaintiffs also seek rescission of their investments in Onspan.

On June 21, 2006, Plaintiffs and Defendants entered into a Release and Settlement Agreement ("Agreement"). Pursuant to the Agreement, the Plaintiffs agreed, among other things, to (a) release and discharge the Defendants from any and all claims arising from the Lawsuit and (b) purchase all the Stock in the Company held by the Defendants for an undisclosed total purchase price; and the Defendants agreed, among other things, to (c) forgive all indebtedness of the Company except for the sum of $2,000 in consideration for the receipt of (i) all the stock of OnSpan Smarthouse, Inc. and (ii) all rights to the internet domain name or URL "vois.com" previously held within the Company . As of September 15, 2006 the Agreement has not closed.

The Company has agreed to indemnify the directors against losses from litigation and has provided for any expected losses resulting from various legal proceedings.

2. Potential Tax Liability:

In 2003, the North Carolina Department of Revenue contacted the Company with regard to state income taxes for the tax year ended September 30, 1999. Upon investigation, the Company has determined that former management did not file a state income tax return in North Carolina for that year, although a return was filed in Florida for that year and returns were filed in North Carolina for two then subsidiaries of the company. The Company is in the process of investigating the situation and of evaluating what action should be taken as a result of the inquiry by the North Carolina Department of Revenue. The Company has been unable to estimate with any reasonable certainty what liability it may have to the State of North Carolina.

L. GOING CONCERN

The accompanying financial statements were prepared assuming that the Company will continue as a going concern. The Company and certain of the officers and directors have been a party to several legal proceedings; the Company has provided indemnifications to its officers and directors against losses sustained in these proceedings. Although the Company continues to vigorously defend these actions, the Company is unable to estimate with any reasonable certainty what liability it may have to these litigants. There are no assurances that the Company will be successful in defending these legal proceedings, or if successful the cost of defending these legal proceedings may significantly deplete the capital of the Company, impairing the Company's ability to continue as a going concern. Certain employees have agreed to defer receipt of their compensation, and the Company continues to depend on funding provided by its president, Herbert Tabin, to pay its operating expenses. Accordingly, there are no assurances that the Company will be successful in achieving the above plans, or that such plans, if consummated, will enable the Company to obtain profitable operations or continue as a going concern.

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

FORWARD LOOKING STATEMENTS

From time to time, the Company may publish forward-looking statements relative to such matters as anticipated financial performance, business prospects, technological developments and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. All statements other than statements of historical fact included in this section or elsewhere in this report are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include: 1. General economic factors including, but not limited to, changes in interest rates and trends in disposable income; 2. Information and technological advances; 3. Cost of products sold; 4. Competition; and 5. Success of marketing, advertising and promotional campaigns.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with U.S.

generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

- those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;

- those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of operations; and

- those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

Based upon management's discussion of the development and selection of these critical accounting estimates with the Board of Directors, we believe the following accounting estimates involve a higher degree of judgment and complexity.

INCOME TAX ASSETS AND LIABILITIES

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that we recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements.

SFAS 109 also requires that any deferred tax asset recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable.

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The deferred tax assets and liabilities, as well as the need for a valuation allowance, are evaluated on a quarterly basis and adjusted if necessary. We use forecasted future operating results and consider enacted tax laws and rates in determining if the valuation allowance is sufficient. We operate in multiple taxing jurisdictions and are therefore subject to varying tax laws and potential audits, which could impact our assessments and estimates

CONTINGENCIES

We are involved in various legal proceedings and have identified certain loss contingencies. We record liabilities related to these contingencies when it is determined that a loss is probable and reasonably estimable. These assessments are based on our knowledge and experience as well as the advice of legal counsel regarding current and past events. Any such estimates are also subject to future events, court rulings, negotiations between the parties and other uncertainties. If an actual loss differs from our estimate, or the actual outcome of any of the legal proceedings differs from expectations, operating results could be impacted.

PLAN OF OPERATION AND GOING CONCERN

Prior to August 5, 2002, the Company, a Nevada corporation, was a holding

Company, that through its wholly owned subsidiary, InterLAN Communications, Inc. ("InterLAN"), developed data communications and networking infrastructure solutions for business, government and education. Following August 5, 2002, the Company announced a change in its strategy and subsequently sold its operating division InterLAN. In April of 2003, the Company changed its focus to investing in and revitalizing single family homes in established residential neighborhoods in suburban areas. The Company had acquired its first property on June 19, 2003. The Company, which had received engineering plans for the real estate project, had intended to renovate and expand the existing single-family home on this site. However on May 27, 2004 the Company completed the sale of Coventry 1, Inc. and utilized the cash received for legal expenses. The Company and certain of the officers and directors have been a party to several legal proceedings; the Company has provided indemnifications to its officers and directors against losses sustained in these proceedings. Although the Company continues to vigorously defend these actions, the Company is unable to estimate with any reasonable certainty what liability it may have to these litigants. There are no assurances that the Company will be successful in defending these legal proceedings, or if successful the cost of defending these legal proceedings may significantly deplete the capital of the Company, impairing the Company's ability to continue as a going concern. Certain employees have agreed to defer receipt of their compensation, and the Company continues to depend on funding provided by its president, Herbert Tabin, to pay its operating expenses. Accordingly, there are no assurances that the Company will be successful in achieving the above plans, or that such plans, if consummated, will enable the Company to obtain profitable operations or continue as a going concern.

MARKETABLE SECURITIES

The Company's marketable securities are classified as available-for-sale and are stated at fair value determined by the last recorded trading price of each security at the balance sheet date. Unrealized gains and losses are included in accumulated other comprehensive income, net of applicable income taxes. Related gains or losses and declines in value, if any, judged to be other than temporary on available-for-sale securities are reported in non operating expenses. For purposes of determining realized gains and losses the loss of securities sold is based on specific identification.

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COMMITMENTS AND CONTINGENCIES

The Company and certain of its officers and directors have been named as defendants in multiple lawsuits. See Note K to the condensed consolidated Financial Statements.

The Company has indemnified these officers and directors against any losses sustained as a result of these actions.

RISK FACTORS

SIGNIFICANT CAPITAL REQUIREMENTS; NEED FOR ADDITIONAL CAPITAL.

The Company's capital requirements have been and will continue to be significant. The Company had been dependent primarily on existing capital and Notes provided by related parties. Future capital needs may be satisfied by either the private placement of equity securities, loans and/or other debt financings. The Company based on its cash requirements and exposure to liability from shareholder lawsuits is unsure if current loans will be sufficient for the next twelve months. The Company is currently contemplating the pursuit of potential funding opportunities which could be debt or equity. However, there can be no assurance that any of such opportunities will result in actual funding or that additional financing will be available to the Company when needed, on commercially reasonable terms, or at all. If the Company is unable to obtain additional financing it will likely cease its operations. Any additional financings may involve substantial dilution to the Company's then-existing shareholders.

MANAGEMENT OF GROWTH AND ATTRACTION AND RETENTION OF KEY PERSONNEL.

Management of the Company's growth may place a considerable strain on the Company's management, operations and systems. The Company's ability to execute any future business strategy will depend in part upon its ability to manage the demands of a growing business. Any failure of the Company's management team to effectively manage growth could have a material adverse affect on the Company's business, financial condition or results of operations. The Company's future success depends in large part on the continued service of its key management personnel. The Company believes that its future success also depends on its ability to attract and retain skilled technical, managerial and marketing personnel. Competition for qualified personnel is intense. The Company has from time to time experienced difficulties in recruiting qualified personnel. Failure by the Company to attract and retain the personnel it requires could have a material adverse affect on the financial condition and results of operations of the Company.

VOLATILITY OF MARKET PRICE; ISSUANCE OF SUBSTANTIAL NUMBER OF SHARES; AUTHORIZED SHARES; PROXY RULES.

The Company's Common Stock has been traded since 1994. The Company believes that factors such as (but not limited to) the sale of common stock issued on conversion of the Company's debentures, announcements of developments related to the Company's business, fluctuations in the Company's quarterly or annual operating results, failure to meet expectations, general economic conditions, interest rate changes or money supply fluctuations and developments in the Company's relationships with clients and suppliers will cause the price of the Company's Common Stock to fluctuate substantially. In recent years the stock market has experienced extreme price fluctuations, which have often been unrelated to the operating performance of affected companies. Such fluctuations could adversely affect the market price of the Company's Common Stock.

PENNY STOCK REGULATIONS AND REQUIREMENTS FOR LOW PRICED STOCK.

The Commission adopted regulations which generally define a "penny stock" to be any non-Nasdaq equity security that has a market price of less than $5.00 per share, subject to certain exceptions. Based upon the price of the Company's Common Stock as currently traded on the OTC Bulletin Board, the Company's stock is subject to Rule 15g-9 under the Exchange Act which imposes additional sales practice requirements on broker-dealers which sell securities to persons other than established customers and "accredited investors." For transactions covered by this Rule, a broker-dealer must make a special suitability determination for the purchaser and have received a purchasers' written consent to the transaction prior to sale. Consequently, the Rule may have a negative effect on the ability of shareholders to sell common shares of the Company in the secondary market.

MANAGEMENT CONTROLS THE COMPANY'S FUNDS.

Management has broad discretion over how to spend the funds held by the Company. Although management will endeavor to act in the best interests of the shareholders, there can be no assurance that the decision to utilize proceeds will prove profitable to the Company.

THE COMPANY RELIES ON ITS MANAGEMENT.

The Company is dependent upon the members of management set forth herein. If the current management is no longer able to provide services to the Company, its business will be negatively affected.

ADDITIONAL DEBT, OR EQUITY FINANCING MAY AFFECT INVESTOR'S ABILITY TO SELL COMMON STOCK.

The Company's common stock currently trades on the OTC Bulletin Board under the symbol ONSP. Stocks trading on the OTC Bulletin Board generally attract a smaller number of market makers and a less active public market and may be subject to significant volatility. If the Company raises additional money from the sale of its Common Stock, the market price could drop and investor's ability to sell stock could be diminished. Further, even if the Company is able to increase its authorized shares, there can be no assurance that it will be able to obtain sufficient shareholder votes in the future for any such increase, which votes are required by Nevada law.

THE COMPANY'S STRATEGY INCLUDES PURSUING STRATEGIC ACQUISITIONS THAT MAY NOT BE SUCCESSFUL

The Company will consider acquiring businesses that are intended to add products and or services. Acquisitions involve a number of operational risks that the acquired business may not be successfully integrated, may distract management attention, may involve unforeseen costs and liabilities, and possible regulatory costs, some or all of which could have a materially adverse effect on the Company's financial condition or results of operations. Additionally, the Company may make acquisitions with cash or with stock, or a combination thereof. If the Company does make any such acquisitions, various associated risks may be encountered, including potential dilution to the Company's then current shareholders, as a result of additional shares of common stock being issued in connection with the acquisitions.

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THE COMPANY'S STOCK PRICE WILL FLUCTUATE AND MAY FALL BELOW EXPECTATIONS OF SECURITIES ANALYSTS AND INVESTORS, WHICH COULD SUBJECT THE COMPANY TO LITIGATION

The market price of the Company's common stock may fluctuate significantly in response to a number of factors, some of which are beyond its control. These factors include:

- quarterly variations in operating results;

- changes in accounting treatments or principles;

- existing litigation;

- announcements by the Company or its competitors of new products and services offerings, significant contracts, acquisitions or strategic relationships;

- additions or departures of key personnel;

- any future sales of the Company's common stock or other securities;

- stock market price and volume fluctuations of publicly-traded companies in general; and

- general political, economic and market conditions.

It is likely that in some future quarter the Company's operating results may fall below the expectations of securities analysts and investors, which could result in a decrease in the trading price of the Company's common stock. In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. The Company may be the target of similar litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources, which could seriously harm the Company's business and operating results.

THERE IS A LIMITED PUBLIC MARKET FOR THE COMPANY'S COMMON STOCK AND THERE ARE NO ASSURANCES OF A CONTINUED TRADING MARKET FOR THE COMPANY'S COMMON STOCK

The Company's common stock is currently quoted on the OTC Bulletin Board (R) Market (OTCBB) under the symbol "ONSP". The Company's common stock is thinly traded. There are no assurances the Company will maintain its OTC Bulletin Board (R) listing. If the Company's common stock should be delisted from the OTC Bulletin

Board(R) Market, it is likely that the stock would then be quoted on the Pink Sheets Market, which could materially and / or adversely effect any future liquidity in the Company's common stock.

INABILITY TO SECURE AN INDEPENDENT AUDIT COMMITTEE MEMBER

Due to the potential exposure to litigation and small compensation, it may be difficult to secure and Independent Audit Committee Member. If the Company is unable to secure an Independent Audit Committee Member, it may be in violation of current standards and may be subject to possible de-listing of which could have a materially adverse affect on the Company's financial condition or results of operations.

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HISTORY OF BUSINESS

Originally incorporated in 1985, as Network Information Services, Inc., Network Systems International, Inc. ("NESI"), a Nevada corporation, was the surviving corporation of a reverse merger completed in April 1996. The Company became a publicly traded entity in connection with the re-organization. On July 10, 1998, the Company's stock was officially approved for listing on the NASDAQ Small Cap market and the Company's common stock began trading on NASDAQ Small Cap under the symbol NESI. As of April 2, 2002, the securities were de-listed from the NASDAQ Small Cap market and now trade on the Over-The-Counter Bulletin Board under the symbol ONSP. Effective February 10, 2001, the Company changed its name from Network Systems International, Inc., to Onspan Networking, Inc. (the "Company" or "Onspan"). On October 9, 2001, the Company effected a 1 for 12 reverse stock split of its issued and outstanding common stock. Prior to August 5, 2002, the Company, a Nevada corporation, was a holding company, that through its wholly owned subsidiary, InterLAN Communications, Inc. ("InterLAN"), developed data communications and networking infrastructure solutions for business, government and education. On August 5, 2002, the Company completed the sale of its operating division InterLAN and announced a change in its strategy of business as discussed under Discontinued Operations below. April 22, 2003 the Company created a new subsidiary, Coventry 1 Inc. that is a Nevada Corporation. The Company's other subsidiary, Onspan SmartHouse, Inc., is a Florida Corporation. Currently the Company has 3 full time employees.

On May 27, 2004, the Company entered into a stock purchase agreement with Herbert Tabin, its President and Chief Executive Officer, and Gary Schultheis, an employee of the Company, pursuant to which the Company sold its wholly-owned subsidiary, Coventry 1, Inc., to Messrs. Tabin and Schultheis. Messrs. Tabin and Schultheis also agreed to pay the Company 0.75% of the gross sales amount of the property upon any subsequent sale provided the gross sales price exceeds $2,000,001. On March 1, 2006 Messrs. Tabin and Schultheis sold the above property for $2,300,000 and paid to the Company $17,250. The Company sold the real estate project in order to service mounting legal expenses associated with litigation.

A. LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended June 30, 2006, working capital deficiency increased $449,396 to ($715,173) from ($265,777). The primary reasons for the increase is an increase in accrued wages of $116,500, an increase in notes payable of $269,803, a decrease of cash of $9,555, a decrease in marketable securities of $150,194, and a decrease in accounts payable of $54,097. During this same period, stockholders' deficit increased $449,788 to ($744,617) from ($294,829). The increase in stockholders' deficit is primarily due to the net loss for the period of ($399,668), and decreases in other comprehensive income of ($76,960) primarily due to the realized loss on available for sale securities and an increase in additional paid-in-capital of $26,840. The Company has not budgeted any significant capital expenditures for the current fiscal year.

There are no assurances that the Company will be successful in achieving the above plans, or that such plans, if consummated, will enable the Company to obtain profitable operations or continue as a going concern.

B. RESULTS OF OPERATIONS

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE -

The Company's selling, general and administrative expenses, including salaries and wages amounted to $399,404 during the nine months ended June 30, 2006, as compared to $289,275 for the nine months ended June 30, 2005. The increase of $110,129 is primarily due to an increase in wages of $11,400, an increase of legal and professional fees of $84,530 and an increase of employee benefits of $25,372.

INCOME TAXES

The Company recorded $150,394 in deferred income tax benefit for the nine-month period ended June 30, 2006, a 100% valuation allowance was taken against this amount as of June 30, 2006.

The North Carolina Department of Revenue has contacted the Company with regard to state income taxes for the tax year ended September 30, 1999. Upon investigation, the Company has determined that former management did not file a state income tax return in North Carolina for that year, although a return was filed in Florida for that year and returns were filed in North Carolina for two then subsidiaries of the company. The Company is in the process of investigating the situation and of evaluating what action should be taken as a result of the inquiry by the North Carolina Department of Revenue. The Company has been unable to estimate with any reasonable certainty what liability it may have to the State of North Carolina.

OTHER COMPREHENSIVE INCOME (LOSS)

During the nine months ended June 30, 2006, the Company recorded a decrease in its net unrealized gain from available-for-sale securities in the amount of $76,960 net of tax , due to a decrease in market value and the sale of securities. Available-for-sale securities consists exclusively of Evolve One, Inc. (EVLO). There can be no assurance that the Company will realize the value assigned, under Statement of Accounting Standards No.115 "Accounting for Certain Investments in Debt and Equity Securities", to these securities.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

1. Securities Actions:

RICHARD T. CLARK AND JOEL C. HOLT V. HERBERT TABIN AND GARY SCHULTHEIS, United States District Court Northern District of Oklahoma, Case No. 03-CV-289K(J). On March 28, 2003, Plaintiffs Richard Clark and Joel Holt ("Plaintiffs") filed a petition in the Tulsa County District Court alleging claims against the Company and its President, CEO and Director, Herbert Tabin ("Tabin"), for, among other things, fraud, breach of fiduciary duty, and breach of contract. On May 1, 2003, the Company, along with Tabin, removed this action to the United States District Court for the Northern District of Oklahoma and filed a Motion to Dismiss all claims. On October 15, 2003, Plaintiffs withdrew their claims and filed an Amended Complaint asserting claims against Tabin, both individually and derivatively, on behalf of the Company. Plaintiffs also asserted claims against the Company. Plaintiffs sought damages in the amount of $300,000 each, as well as punitive damages. The Company retained independent counsel to conduct an

investigation into the allegations by Plaintiffs made derivatively on behalf of the Company and, based on that investigation, determined that no action on behalf of the Company was warranted. Defendants also filed a Motion to Dismiss all of the allegations in the Amended Complaint. On October 19, 2004, Plaintiffs filed a Second Amended Complaint in which they dropped the Company as a defendant and dropped the derivative shareholder claims. Plaintiffs added Gary Schultheis as an individual defendant. The Second Amended Complaint alleges claims against Tabin and Schultheis individually. Defendants filed Motions to Dismiss the Second Amended Complaint which was denied by the Court. On December 2, 2005, Plaintiffs filed a Third Amended Complaint alleging claims against Tabin and Schultheis individually for breach of contract, breach of fiduciary duty, civil conspiracy, and violations of Oklahoma securities laws. Plaintiffs seek damages in the amount of $300,000 each, plus the amount of lost opportunity to gain on their investments, less the value of their investments at the time of trial, along with interest costs, attorneys' fees and punitive damages. Plaintiffs also seek rescission of their investments in Onspan.

On June 21, 2006, Plaintiffs and Defendants entered into a Release and Settlement Agreement ("Agreement"). Pursuant to the Agreement, the Plaintiffs agreed, among other things, to (a) release and discharge the Defendants from any and all claims arising from the Lawsuit and (b) purchase all the Stock in the Company held by the Defendants for an undisclosed total purchase price; and the Defendants agreed, among other things, to (c) forgive all indebtedness of the Company except for the sum of $2,000 in consideration for the receipt of (i) all the stock of OnSpan Smarthouse, Inc. and (ii) all rights to the internet domain name or URL "vois.com" previously held within the Company . As of September 15, 2006 the Agreement has not closed.

The Company has agreed to indemnify the directors against losses from litigation and has provided for any expected losses resulting from various legal proceedings.

2. Potential Tax Liability:

In 2003, the North Carolina Department of Revenue contacted the Company with regard to state income taxes for the tax year ended September 30, 1999. Upon investigation, the Company has determined that former management did not file a state income tax return in North Carolina for that year, although a return was filed in Florida for that year and returns were filed in North Carolina for two then subsidiaries of the company. The Company is in the process of investigating the situation and of evaluating what action should be taken as a result of the inquiry by the North Carolina Department of Revenue. The Company has been unable to estimate with any reasonable certainty what liability it may have to the State of North Carolina.

ITEM 3. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures as of June 30, 2006 (the "Evaluation Date") were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

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There were no significant changes in our internal controls or in other factors that could significantly affect these controls during the quarter ended June 30, 2006.

Disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14(c) and 15d-14(c)) are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

The Certifying Officers have also indicated that there were no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

Our management, including each of the Certifying Officers, does not expect that our disclosure controls or our internal controls will prevent all error and fraud. A 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. In addition, 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 in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a 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. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and their can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 5. OTHER INFORMATION

There is no immediate family relationship between or among any of the Directors and Executive Officers, except Ms. Dermer who is the sister-in-law of Mr. Tabin.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following documents are filed as a part of this report or are incorporated by reference to previous filings, if so indicated:

(a) EXHIBITS

31.1 Certification dated September 18, 2006 pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a) of the Principal Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Herbert Tabin, Chief Executive Officer

31.2 Certification dated September 18, 2006 pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a) of the Principal financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Marissa Dermer, Chief Financial Officer

32.1 Certification dated September 18, 2006 pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, made by Herbert Tabin, Chief Executive Officer.

32.2 Certification dated September 18, 2006 pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, made by Marissa Dermer, Chief Financial Officer.

SIGNATURE

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

ONSPAN NETWORKING, INC.

Date: September 18, 2006	By: /s/ Herbert Tabin ------------------------ Herbert Tabin, President
Date: September 18, 2006	By: /s/ Marissa Dermer -------------------------------- Marissa Dermer, Chief Financial and Principal Accounting Officer