

MIGO SOFTWARE, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

	<u>December 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 304,635	\$ 2,510,704
Short-term investments	3,154,794	2,875,000
Accounts receivable	18,672	25,368
Inventory	66,951	15,755
Other current assets	36,243	82,983
Total current assets	<u>3,581,295</u>	<u>5,509,810</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$15,395 and \$7,924	35,968	7,923
<i>OTHER ASSETS:</i>		
Goodwill	1,396,864	—
Intangible assets, net	4,250,421	1,965,101
Other assets	135,000	39,475
TOTAL ASSETS	<u>\$ 9,399,548</u>	<u>\$ 7,522,309</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
<i>Current Liabilities:</i>		
Accounts payable	\$ 322,621	\$ 1,104,157
Accrued compensation	188,947	78,084
Accrued liabilities	424,000	1,271,640
Capitalized lease obligations	6,059	—
Deferred revenue	680,000	—
Total current liabilities	<u>1,621,627</u>	<u>2,157,982</u>
<i>Non-current liabilities:</i>		
Warrant liability	—	3,882,672
Total Liabilities	<u>1,621,627</u>	<u>6,336,553</u>
Commitments and contingencies (Notes 8 and 11)		
<i>Temporary Equity, Common Stock,</i>		
27,879,700 shares issued and outstanding	—	5,908,036

Stockholders' Equity (Deficit):

Junior A Preferred stock, \$.0001 par value; 5,000,000 shares authorized, 782,375 and 790,250 shares issued and outstanding; preference upon liquidation of \$2,600,000	78	79
Common stock, \$.0001 par value; 200,000,000 shares authorized; 93,721,542 and 26,598,180 and shares issued and outstanding	9,372	2,660
Additional paid in capital in excess of par value	52,841,936	29,344,416
Deferred Compensation Expense	—	(462,694)
Treasury Stock	(386,400)	(386,400)
Accumulated Deficit	(44,687,065)	(33,220,341)
Total stockholders' equity (deficit)	7,777,921	(4,722,280)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 9,399,548	\$ 7,522,309

MIGO SOFTWARE, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****YEAR ENDED DECEMBER 31, 2006 AND NINE MONTHS ENDED DECEMBER 31, 2005**

	Twelve Months ended 12/31/2006	Nine Months ended 12/31/2005
Revenues	\$ 345,228	\$ 194,199
Cost of Sales	606,958	555,059
Gross Profit (Loss)	(261,730)	(360,860)
Operating Expenses		
Research and development	1,914,997	590,291
Sales and marketing	1,106,528	771,175
General and administrative	7,296,900	3,192,783
Total operating expenses	10,318,425	4,554,249

Non-operating Expenses		
Interest, net	(257,772)	296,257
Decrease in warrant liability	(166,538)	(151,164)
Other (income) expense	1,310,079	227,937
Total non-operating expenses	<u>885,769</u>	<u>373,024</u>
Loss Before Income Taxes	(11,465,924)	(5,288,133)
Provision for Income Taxes	800	800
Net Loss	<u>\$ (11,466,724)</u>	<u>\$ (5,288,933)</u>
Deemed and Regular Dividend	-	(368,704)
shares	<u>\$ (11,466,724)</u>	<u>(5,657,637)</u>
Basic and Diluted net loss attributable to common stockholders per share	<u>\$ (0.18)</u>	<u>\$ \$ (0.31)</u>
Weighted Average Shares Outstanding		
Basic and Diluted	<u>65,502,827</u>	<u>18,201,612</u>