

Fortissimo Acquisition Corp.
Form 10QSB
November 14, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2007

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

For the transition period from _____ to _____

Commission File Number _____

Fortissimo Acquisition Corp.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware
(State or other Jurisdiction of Incorporation or Organization)

02-0762508
(I.R.S. Employer Identification No.)

14 Hamelacha Street Park Afek, Rosh Ha'ayin 48091, Israel
(Address of Principal Executive Office)

972-3-915-7400
(Issuer's Telephone Number, Including Area Code)

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 No

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

As of November 14, 2007, 5,868,334 shares of common stock, par value \$.0001 per share, were issued and outstanding.

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

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Fortissimo Acquisition Corp.
(a development stage enterprise)

Condensed Balance Sheets

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash	\$ 261,186	\$ 692,100
Cash held in Trust (Note 3)	27,345,444	26,537,334
Pre-paid expenses	1,618	19,243
Total current assets	27,608,248	27,248,677
Deferred tax asset	151,916	41,865
Total assets	\$ 27,760,164	\$ 27,290,542
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 101,869	\$ 50,930
Deferred trust interest income	217,450	55,909
Deferred underwriting fee (Note 2)	352,350	352,350
Income tax payable	24,855	86,338
Total current liabilities	696,524	545,527
Common stock, subject to possible conversion, 906,547 shares at conversion value	5,248,907	5,248,907
STOCKHOLDERS' EQUITY		
Preferred stock - \$.0001 par value; 1,000,000 authorized; none issued or outstanding (Note 5)	-	-
Common stock - \$.0001 par value; 21,000,000 authorized; 5,868,334 issued and outstanding (including 906,547 subject to possible conversion) (Note 1)	587	587
Additional paid-in capital	21,409,192	21,409,192
Retained earnings accumulated during the development stage	404,954	86,329
Total stockholders' equity	21,814,733	21,496,108
Total liabilities and stockholders' equity	\$ 27,760,164	\$ 27,290,542

See Accompanying Notes to Unaudited Condensed Financial Statements.

Fortissimo Acquisition Corp.
(a development stage enterprise)

Condensed Statements of Operations

	Three months ended September 30, 2007 (Unaudited)	Three months ended September 30, 2006	Nine months ended September 30, 2007 (Unaudited)	Nine months ended September 30, 2006	For the period from December 27, 2005 (inception) to September 30, 2007 (Unaudited)
State franchise tax	\$ 6,438	\$ -	\$ 19,313	\$ -	\$ 45,063
Admin and office support	22,500	-	67,500	-	87,526
Professional fees	129,644	-	168,163	-	191,202
Insurance	11,250	-	33,750	-	43,736
Travel	12,104	-	27,149	-	32,282
Formation expenses	-	-	-	-	3,000
Other expenses	6,540	-	21,554	350	27,593
Total costs and expenses	\$ 188,476	\$ -	\$ 337,429	\$ 350	\$ 430,402
Interest income	197,253	-	656,054	-	879,829
Income (loss) before provision for income taxes	8,777	-	318,625	(350)	449,427
Provision for (benefit from) income taxes	(42,501)	-	-	-	44,473
Net income (loss) for the period	\$ 51,278	\$ -	\$ 318,625	\$ (350)	\$ 404,954
Weighted average number of shares outstanding, basic and diluted	5,868,334	1,000,000	5,868,334	1,000,000	3,305,479
Net income (loss) per share	\$ 0.01	\$ (0.00)	\$ 0.05	\$ (0.00)	\$ 0.11

See Accompanying Notes to Unaudited Condensed Financial Statements.

Fortissimo Acquisition Corp.
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Statement of Changes in Stockholders' Equity

	Common Stock		Additional	Retained	Total
	Shares	Amount	paid in capital	Earnings (Deficit) Accumulated during the development stage	
Issuance of Common Stock to initial stockholders on December 30, 2005 at \$.025 per share	1,000,000	\$ 100	\$ 24,900	\$ -	\$ 25,000
Net loss for the period	-	-	-	(3,000)	(3,000)
Balance as of December 31, 2005	1,000,000	\$ 100	\$ 24,900	\$ (3,000)	\$ 22,000
Sale of 4,535,000 Units (net of \$2,576,418 offering expenses, including the issuance of 906,547 shares subject to possible conversion)	4,535,000	454	24,633,128	-	24,633,582
Gross proceeds from issuance of Unit Purchase Option	-	-	100	-	100
Gross proceeds from Issuance of Insider Units	333,334	33	1,999,971	-	2,000,004
Proceeds subject to possible conversion	-	-	(5,248,907)	-	(5,248,907)
Net income for the year	-	-	-	89,329	89,329
Balance as at December 31, 2006	5,868,334	\$ 587	\$ 21,409,192	\$ 86,329	\$ 21,496,108
Unaudited:					
Net income for the period	-	-	-	318,625	318,625
Balance as at September 30, 2007	5,868,334	\$ 587	\$ 21,409,192	\$ 404,954	\$ 21,814,733

See Accompanying Notes to Unaudited Condensed Financial Statements.

Fortissimo Acquisition Corp.
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Condensed Statements of Cash Flows

	Nine months ended September 30, 2007 (Unaudited)	Nine months ended September 30, 2006	For the period from December 27, 2005 (inception) to September 30, 2007 (Unaudited)
<u>Cash flows from operating activities:</u>			
Net income (loss)	\$ 318,625	\$ (350)	\$ 404,954
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Interest earned on securities held in trust	(808,110)	-	(1,087,794)
Changes in operating assets/liabilities:			
Decrease (increase) in pre-paid expenses	17,625	-	(1,618)
Increase (decrease) in accrued expenses	50,939	(2,650)	101,869
Increase in deferred tax asset	(110,051)	-	(151,916)
Increase in deferred trust interest income	161,541	-	217,450
Increase (decrease) in income tax payable	(61,483)	-	24,855
Net cash used in operating activities	(430,914)	(3,000)	(492,200)
<u>Cash flows from investing activities:</u>			
Cash held in trust fund	-	-	(26,257,650)
Redemption of Treasury Bill held in trust	53,433,000	-	53,433,000
Purchase of Treasury Bill held in trust	(26,563,000)	-	(26,563,000)
Purchase of Money Fund held in trust	(26,870,000)	-	(26,870,000)
Net cash used in investing activities	-	-	(26,257,650)
<u>Cash flows from financing activities:</u>			
Payment of notes payable - stockholders	-	-	(115,000)
Proceeds from sale of Units to public	-	-	27,210,000
Proceeds from issuance of shares to Initial Stockholders	-	-	25,000
Proceeds from notes payable - stockholders	-	60,000	115,000
Proceeds from sale of Unit Purchase Option	-	-	100
Proceeds from sale of Insider Units	-	-	2,000,004
Payment of offering expenses	-	(122,323)	(2,224,068)
Net cash provided by (used in) financing activities	-	(62,323)	27,011,036
Increase (decrease) in cash	(430,914)	(65,323)	261,186
Cash at the beginning of the period	692,100	67,500	-
Cash at the end of the period	\$ 261,186	\$ 2,177	\$ 261,186

Supplemental Schedule of non-cash financing activity :

Deferred Underwriting Fee	\$	-	\$	-	\$	352,350
Accrued offering costs	\$	-	\$	223,030	\$	-

See Accompanying Notes to Unaudited Condensed Financial Statements.

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Notes to Unaudited Condensed Financial Statements

NOTE 1:- INTERIM FINANCIAL INFORMATION

The condensed financial statements at September 30, 2007 and for the three and nine months ended September 30, 2007 and 2006 and for the period from December 27, 2005 (inception) to September 30, 2007 have been prepared by the Company and are unaudited.

In the opinion of management, all adjustments (consisting of normal accruals and recurring items) have been made that are necessary to present fairly the financial position of Fortissimo Acquisition Corp. (the "Company") as of September 30, 2007 and December 31, 2006 and the results of its operations and cash flows for the periods ended September 30, 2007, and 2006. Operating results for the interim period presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed financial statements should be read in conjunction with the financial statements and notes thereto at December 31, 2006 and for the period then ended included in the Company's Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on March 29, 2007, The December 31, 2006 balance sheet has been derived from the audited financial statements included in that 10-KSB. The statements of operations and cash flows for the nine months ended September 30, 2006 have been derived from the unaudited financial statements included in the Company's form 10-QSB filed by the Company with the SEC on December 22, 2006. The accounting policies used in preparing these unaudited condensed financial statements are consistent with those described in those filings.

NOTE 2:- ORGANIZATION AND BUSINESS OPERATIONS

The Company was incorporated in Delaware on December 27, 2005 as a blank check company whose objective is to acquire an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel.

At September 30, 2007, the Company had not yet commenced any operations, other than evaluating potential acquisition candidates. All activity through September 30, 2007 relates to the Company's formation and initial public offering and current activities described below.

The Company's ability to commence operations was contingent upon obtaining adequate financial resources through a proposed public offering ("Offering") which was consummated on October 17, 2006 and is discussed below. The Company's management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds of this Offering are intended to be generally applied toward consummating a business combination with an operating business that has manufacturing operations or research and development facilities located in Israel, or that is a company operating outside Israel which management believes would benefit from establishing operations or facilities in Israel ("Business Combination"). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. An aggregate of \$26,257,650 (including the over-allotment option), before any interest earned, has been deposited in an interest-bearing trust account ("Trust Account") until the earlier of (i) the consummation of a Business Combination or (ii) liquidation of the Company. Under the agreement governing the Trust Account that was in effect during the first quarter of 2007, funds will only be invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 (the "1940 Act") having a maturity of 180 days or less. As of March 21, 2007, the agreement governing the Trust Account was amended to allow for investment in any open ended investment company registered

under the 1940 Act that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (c)(2), (c)(3) and (c)(4) of Rule 2a-7 promulgated under the 1940 Act as determined by the Company. The amendment enables the Company to invest in tax free securities. The placing of funds in the Trust Account may not protect

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Notes to Unaudited Condensed Financial Statements

NOTE 2:- ORGANIZATION AND BUSINESS OPERATIONS - (Continued)

those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses or other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. The Company's directors have agreed that they will be jointly and severally liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. However, there can be no assurance that the directors will be able to satisfy those obligations. The remaining net proceeds (not held in the Trust Account) of approximately \$545,000 may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

Fortissimo Capital Fund GP, L.P., ("FCF"), one of the Company's initial stockholders, has purchased an aggregate of 333,334 units (the "Insider Units") at \$6.00 per unit (for an aggregate purchase price of \$2,000,004) from the Company. This purchase took place on a private placement basis simultaneously with the consummation of the Offering. All of the proceeds received from the sale of the Insider Units were placed in the Trust Account. The Insider Units are identical to the units sold in the Offering to the public; however, FCF has waived the right to receive distributions upon a liquidation of the Company prior to a Business Combination with respect to the securities underlying the Insider Units. The Insider Units were registered for resale along with the Units in the Offering, but FCF has agreed that the Insider Units and underlying securities will not be sold or transferred by it until after the completion of a Business Combination.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. Pursuant to the provisions of the Company's Amended and Restated Certificate of Incorporation, which cannot by its terms be amended prior to the consummation of a Business Combination, in the event that stockholders owning 20% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company ("Initial Stockholders"), have agreed to vote their 1,000,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ("Public Stockholders") with respect to any Business Combination. After consummation of a Business Combination, these voting safeguards will no longer be applicable.

With respect to a Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert his or her shares. The per share conversion price will equal the amount in the Trust Account, calculated as of two business days prior to the consummation of the proposed Business Combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by the Initial Stockholders.

The Company's Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until 24 months from the effective date of the Offering (until October 11, 2008). If the Company has not completed a Business Combination by such date, its corporate existence will cease and it will dissolve and

liquidate for the purposes of winding up its affairs. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering due to costs related to the Offering and since no value would be attributed to the Warrants contained in the Units sold.

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Fortissimo Acquisition Corp.
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Notes to Unaudited Condensed Financial Statements

NOTE 2:- ORGANIZATION AND BUSINESS OPERATIONS - (Continued)

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109". FIN 48 provides detailed guidance for the financial statements recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with SFAS No. 109. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. Upon the adoption of FIN 48, the Company has no unrecognized tax benefits. During the first half of 2007, the Company recognized no adjustments for uncertain tax benefits.

The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expenses. No interest and penalties related to uncertain tax positions were accrued at September 30, 2007.

Tax years 2005 and 2006 remain open to examination by the Internal Revenue Service. The Company expects no material changes to unrecognized tax positions within the next twelve months.

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying condensed unaudited financial statements.

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Notes to Unaudited Condensed Financial Statements

NOTE 3:- INVESTMENTS HELD IN TRUST

Investments held in trust at September 30, 2007 consist of tax-free investments, which include accrued interest of \$73,840.

NOTE 4:- COMMITMENTS

The Company presently occupies office space provided by an affiliate of an Initial Stockholder. Such affiliate has agreed that, until the acquisition of a target business by the Company, it will make such office space, as well as certain office and secretarial services, available to the Company, as may be required by the Company from time to time. The Company has agreed to pay such affiliate \$7,500 per month for such services commencing on October 11, 2006 and ending upon the consummation of a Business Combination. The statements of operations for the three months and nine months ended September 30, 2007 include \$25,500 and \$67,500, respectively, related to this agreement.

The Initial Stockholders have waived their right to receive distributions with respect to their founding shares and shares included within the Insider Units upon the Company's liquidation.

The Initial Stockholders and holders of the Insider Units (or underlying securities) are entitled to registration rights with respect to their founding shares and Insider Units (or underlying securities). The holders of the majority of founding shares are entitled to demand that the Company register these shares at any time commencing three months prior to October 11, 2009. The holders of a majority of the Insider Units (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. In addition, the Initial Stockholders and holders of the Insider Units (or underlying securities) have certain "piggy-back" registration rights on registration statements filed subsequent to a Business Combination. The Underwriter's Option is subject to similar registration rights.

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Notes to Unaudited Condensed Financial Statements

NOTE 5:- STOCKHOLDERS' EQUITY

a. The Offering:

The Company sold 4,535,000 units ("Units") in the Offering, which included 535,000 Units that were sold upon the exercise of the underwriters' over-allotment option. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two Redeemable Common Stock Purchase Warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing on the later of the completion of a Business Combination with a target business or October 11, 2007 and expiring on October 10, 2010. The Warrants will be redeemable at a price of \$.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. In connection with this Offering, the Company issued an option, for \$100, to the representative of the underwriters to purchase 400,000 Units at an exercise price of \$7.50 per Unit (see Common Stock Commitments below).

The Company accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in a charge directly to stockholders' equity. The Company estimated that the fair value of this option was approximately \$1,529,710 (\$3.82 per Unit) using a Black-Scholes option-pricing model. The option may be exercised for cash or on a "cashless" basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash. The warrants underlying such Units are exercisable at \$5.00 per share, but otherwise have the same terms and conditions as the Warrants. Separate trading of the Common Stock and Warrants underlying the Company's Units commenced in October 2006.

b. Preferred Stock :

The Company is authorized to issue up to 1,000,000 shares of Preferred Stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors.

Prior to the consummation of a Business Combination, the Company may not issue Preferred Stock which participates in the proceeds of the Trust Account, or which votes as a class with the Common Stock on a Business Combination.

c. Common Stock Commitments:

The Company has 10,936,668 shares of common stock commitments in the form of Warrants and the underwriters' option, which are currently not exercisable.

d. Common Stock Subject to Conversion

Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders. Accordingly, a portion of the net proceeds from the Offering (19.99% of the amount originally placed in the Trust

Account) has been classified as common stock subject to possible conversion in the accompanying balance sheets and 19.99% of the related interest earned has been recorded as deferred interest.

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Notes to Unaudited Condensed Financial Statements

NOTE 6:- EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share reflect the additional dilution for all potentially dilutive securities such as stock warrants and options. The effect of the 9,736,668 outstanding warrants, issued in connection with the initial public offering described in Note 1 has not been considered in the diluted net earnings per share since the warrants are contingently exercisable. The effect of the 400,000 units included in the underwriters purchase option, as described in Note 2, along with the warrants underlying such units, has not been considered in the diluted earnings per share calculation since the market price of the unit was less than the exercise price during the period.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion should be read in conjunction with our Condensed Financial Statements and footnotes thereto contained in this report.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-QSB including, without limitation, statements under "Management's Discussion and Analysis or Plan of Operation" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements. When used in this Form 10-QSB, words such as "anticipate", "believe", "estimate", "expect", "intend" and similar expressions as they relate to us or our management, identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written and oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

We were formed on December 27, 2005, to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business that has manufacturing operations or research and development facilities located in Israel.

We consummated our Offering on October 17, 2006. Until consummation of the Offering, all of our activity related to our formation and the Offering. Since October 17, 2006, we have been searching for prospective target businesses to acquire.

Results of Operations

Net income of \$318,625 reported for the nine months ended September 30, 2007 consists primarily of \$67,500 expense for administrative services, \$33,750 expense for director and officer liability insurance, \$168,163 for legal, accounting and other professional services, \$19,313 for franchise taxes, and \$48,703 for other expenses. Interest on the trust fund investment was \$646,569, excluding \$161,541 of deferred interest, and interest earned on the money market account was \$9,485.

Net income of \$51,278 reported for the three months ended September 30, 2007 consists primarily of \$22,500 expense for administrative services, \$11,250 expense for director and officer liability insurance, \$129,644 for legal, accounting and other professional services, \$6,437 for franchise taxes and \$18,644 for other expenses, offset by an income tax benefit of \$42,501. Interest on the trust fund investment was \$194,881, excluding \$48,690 of deferred interest, and interest earned on the money market account was \$2,372.

Net loss of \$350 reported for the nine months ended September 30, 2006 consists of administrative expenses.

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Notes to Unaudited Condensed Financial Statements

Net income of \$404,954 reported for the period from December 27, 2005 (inception) to September 30, 2007 consists primarily of \$43,736 expense for director and officer liability insurance, \$87,526 expense for administrative services, \$45,063 for franchise taxes, \$191,202 for legal, accounting and other professional services, \$44,473 for federal income taxes and \$62,875 for other expenses. Interest on the trust fund investment was \$870,344, excluding \$217,450 of deferred interest, and interest earned on the money market account was \$9,485.

Financial Condition and Liquidity

We consummated our initial public offering on October 17, 2006. After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from the offering were approximately \$26,633,586, of which \$26,257,650 was deposited into the trust account (or \$5.79 per share sold in the offering, including the over-allotment option). The remaining proceeds are available to be used by us to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. We will use substantially all of the net proceeds of this offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the trust account as well as any other net proceeds not expended will be used to finance the operations of the target business. We believe we will have sufficient available funds outside of the trust fund to operate through October 11, 2008, assuming that a business combination is not consummated during that time. From October 17, 2006 through October 17, 2008, we anticipate spending approximately \$180,000 for the administrative fee payable to Fortissimo Capital Management Ltd ("FCM") (\$7,500 per month for two years), \$200,000 of expenses for legal, accounting and other expenses attendant to the due diligence investigations, structuring and negotiating of a business combination, \$100,000 for expenses for the due diligence and investigation of a target business, \$100,000 of expenses in legal and accounting fees relating to our SEC reporting obligations and \$200,000 for general working capital that will be used for miscellaneous expenses and reserves, including approximately \$100,000 for director and officer liability insurance premiums. We do not believe we will need to raise additional funds following this offering in order to meet the expenditures required for operating our business. However, we may need to raise additional funds through a private offering of debt or equity securities if such funds are required to consummate a business combination that is presented to us. We would only consummate such a financing simultaneously with the consummation of a business combination.

Commencing on October 11, 2006 and ending upon the acquisition of a target business, we began incurring a fee from FCM, an affiliate of Fortissimo Capital Fund GP, L.P. ("FCF"), one of our initial stockholders, of \$7,500 per month for providing us with office space and certain general and administrative services. In addition, in December 2005 and in January 2006, FCF advanced an aggregate of \$115,000 to us for payment on our behalf of offering expenses. These loans were repaid following our initial public offering from the proceeds of the offering.

ITEM 3. CONTROLS AND PROCEDURES.

An evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2007 was made under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer. Based on that evaluation, they concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report 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 Securities and Exchange Commission rules and forms. During the most

recently completed fiscal quarter, there has been no significant change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

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PART II.

OTHER INFORMATION

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

On October 17, 2006, we consummated our initial public offering of 4,000,000 Units, with each unit consisting of one share of our common stock and two warrants, each to purchase one share of our common stock at an exercise price of \$5.00 per share. On October 25, 2006, we consummated the closing of an additional 535,000 units, that were subject to the over-allotment option. The units were sold at an offering price of \$6.00 per unit, generating total gross proceeds of \$27,210,000 (not including \$2,000,004 from the sale of the Insider Units). EarlyBirdCapital, Inc. acted as the underwriter. The securities sold in the offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-131417). The Securities and Exchange Commission declared the registration statement effective on October 11, 2006.

We paid approximately \$1,742,350 in underwriting discounts and commissions (not including \$352,350 which was deferred by the Underwriter until completion of a Business Combination), and approximately \$481,718 was paid for costs and expenses related to our initial public offering.

After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from our initial public offering and the sale of the Insider Units were approximately \$26,633,586, of which a total of \$26,257,650 was deposited into the trust account (or approximately \$5.79 per share sold in the offering, including the over-allotment option) and the remaining proceeds are available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. The net proceeds deposited into the trust fund remain on deposit in the trust fund and have earned \$1,087,794 in interest through September 30, 2007.

ITEM 6: EXHIBITS

(a) Exhibits:

- | | |
|--------|---|
| 31.1 - | Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 - | Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 - | Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 - | Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

