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WARP TECHNOLOGY HOLDINGS INC
Form 10QSB
February 12, 2004

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

FORM 10-QSB

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

For the Fiscal Quarter Ended December 31, 2003

or

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

Commission File No. 000-33197

WARP TECHNOLOGY HOLDINGS, INC.

(Name of Small Business Issuer in its Charter)

Nevada

88-0467845

State or other jurisdiction of incorporation or organization I.R.S. Employer Identification Number

708 3rd Avenue, 6th Floor, New York, N.Y. 10017

(Address of principal executive office)

Issuer's telephone number: (212) 962-9277

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) been subject to such filing requirements for the past ninety (90) days.

Yes X No
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State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of February 2, 2004, there were 72,262,586 shares of Common Stock, par value \$.00001 per share, outstanding

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

PART I

FINANCIAL INFORMATION

Forward-Looking Information

Certain statements in this Form 10-QSB of WARP Technology Holdings, Inc. (the "Company") may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking

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statements include those relating to future opportunities, the outlook of customers, the reception of new products and technologies, and the success of new initiatives. In addition, such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results expressed or implied by such forward-looking statements. Such factors include: (i) demand for the Company's products; (ii) the actions of current and potential new competitors; (iii) changes in technology; (iv) the nature and amount of the Company's revenues and expenses; and (v) overall economic conditions and other risks detailed from time to time in the Company's periodic earnings releases and reports filed with the Securities and Exchange Commission (the "Commission"), as well as the risks and uncertainties discussed in the Company's Annual Report on Form 10-KSB filed with the Commission on October 14, 2003 (the "Form 10-KSB").

ITEM 1. Financial Statements.

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WARP Technology Holdings, Inc. Consolidated Balance Sheets

	December 31, 2003	June 30, 2003
	----- (Unaudited)	----- (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 556,062	\$ 360,064
Accounts receivable	6,620	7,692
Inventory	345,207	207,000
Prepaid expenses and other	18,609	63,723
Deferred product cost	46,435	14,556
	-----	-----
Total current assets	972,933	653,035
Property and equipment, net	49,448	83,936
Intangible assets, net	347,917	442,917
Goodwill	3,893,294	3,893,294
Other assets	8,722	28,111
	-----	-----
Total assets	\$ 5,272,314	\$ 5,101,293

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Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$	454,293	\$ 358,024
Accrued expenses		231,726	580,462
Prepaid subscription		--	490,000
Note payable		--	120,000
Deferred revenue		358,012	94,712
Accrued compensation payable		662,000	694,000

Total current liabilities		1,706,031	2,337,198
Stockholders' equity:			
Cumulative convertible preferred stock, Series A; \$.00001 par value; 0 shares issued and outstanding at December 31, 2003		--	--
Cumulative convertible preferred stock, Series B; \$.00001 par value; 3,624 shares issued and outstanding at December 31, 2003		3,623,720	--
Preferred stock		15	15
Common stock, \$.00001 par value; 500,000,000 shares authorized, and 72,262,586 and 67,262,586 shares issued and outstanding at December 31, 2003 and June 30, 2003, respectively		723	673
Additional paid-in capital		39,381,882	37,658,978
Deferred compensation		(5,551,834)	(7,911,000)
Foreign currency translation		(16,163)	18,773
Accumulated deficit		(33,872,060)	(27,003,344)

Total stockholders' equity		3,566,283	2,764,095

Total liabilities and stockholders' equity	\$	5,272,314	\$ 5,101,293
=====			

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002

Revenue	\$ 308,715	\$ 86,731	\$ 363,911	\$ 146,398
Cost of Sales	33,987	354	42,365	32,951

Gross Profit	274,728	86,377	321,546	113,447
Expenses				
Product development	256,442	115,095	325,137	252,326
Sales and marketing	630,204	129,525	1,262,119	336,256
General and administrative	730,780	616,477	1,259,207	1,183,301
Non-cash compensation,				

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consulting fees and other	2,075,165	5,133,333	3,397,746	5,133,333
Loss before interest income	(3,417,863)	(5,908,053)	(5,922,663)	(6,791,769)
Interest and other income	60,161	3,621	60,542	8,868
Net loss	\$ (3,357,702)	\$ (5,904,432)	\$ (5,862,121)	\$ (6,782,901)

Computation of loss Applicable to Common Shareholders

Net loss before beneficial conversion Preferred dividend	\$ (3,357,702)	\$ (5,904,432)	\$ (5,862,121)	\$ (6,782,901)
Beneficial conversion - Preferred dividend	(1,006,595)	--	(1,006,595)	--
Loss attributable to common stockholders	\$ (4,364,297)	\$ (5,904,432)	\$ (6,868,716)	\$ (6,782,901)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.06)	\$ (0.10)	\$ (0.10)	\$ (0.11)
Weighted-average number common shares--basic and diluted	68,186,499	61,361,556	67,724,543	60,471,882

See accompanying notes.

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

	Six Months Ended December 31,	
	2003	2002
Operating activities		
Net loss	\$ (5,862,121)	\$ (6,782,901)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	134,609	38,265
Non cash compensation	3,397,746	5,133,333
Changes in operating assets and liabilities:		
Accounts receivable	1,176	(511,422)
Inventory and prepaid expenses	(93,091)	(30,869)
Accounts payable and accrued expenses	(292,433)	(98,299)
Deferred revenue	248,483	689,025
Deferred product cost	(31,879)	(82,066)
Net cash used in operating activities	(2,497,510)	(1,644,934)

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Investing activities		
Other assets	19,393	(3,565)
Purchase of property and equipment	(3,179)	(13,191)
Advances on acquisition	--	(250,000)

Net cash provided by (used in) investing activities	16,214	(266,756)

Financing activities		
Collection of stockholder loan	--	19,000
Repayment of Bridge loan	(120,000)	--
Proceeds from issuance of common stock, net of issuance costs	2,811,543	1,272,000

Net cash provided by financing activities	2,691,543	1,291,000

Net decrease in cash	210,247	(620,690)
Effects of exchange rates on cash	(14,249)	
Cash--beginning of period	360,064	1,184,652

Cash--end of period	\$ 556,062	\$ 563,962
	=====	

See accompanying notes.

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Notes To Consolidated Financial Statements

Note 1. Organization Merger and Description of Business

On May 24, 2002 ("the Closing Date") Abbott Mines, Ltd. ("the Company"), a Nevada corporation, acquired the outstanding common stock of WARP Solutions, Inc ("WARP") in a Share Exchange transaction (the "Share Exchange"). For financial reporting purposes, the transaction was accounted for as a reverse acquisition, and WARP was treated as the acquiring entity for accounting purposes.

Although the Company was the surviving legal entity in the Share Exchange, the transaction was accounted for as an issuance of equity by WARP, and a recapitalization of WARP under the capital structure of the Company in exchange for \$690 in net assets. Under the purchase method of accounting, the historical results of WARP have been carried forward and the Company's operations have been included in the financial statements commencing on the Closing Date. Accordingly, all the historical results included are those of WARP only.

On August 12, 2002, the Company's Board of Directors authorized and approved the establishment of a subsidiary in the state of Nevada with the name WARP Technology Holdings, Inc. In addition, the Company's Board of Directors authorized and approved the issuance of 100,000 shares of the Company's common stock to its attorneys for legal services.

On August 15, 2002, the Company's Board of Directors authorized and approved the upstream merger of WARP Technology Holdings, Inc., the Company's wholly-owned subsidiary, with and into the Company ("the Upstream Merger"). The Upstream Merger became effective on August 21, 2002, and the Company changed its name from Abbott Mines, Ltd. to WARP Technology Holdings, Inc.

6043577 Canada, Inc., a wholly-owned subsidiary of the Company, was established

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in January 2003 to acquire SpiderSoftware, Inc. ("Spider"), a Canadian corporation. On January 13, 2003, the Company completed its acquisition of Spider.

The Company is an information technology company that produces a series of application acceleration products that improve the speed and efficiency of transactions and information requests that are processed over the internet and intranet network systems. The Company's GTEN suite of hardware and software products and technologies are designed to accelerate network applications, reduce network congestion, and reduce the cost of expensive server deployments for enterprises engaged in high volume network activities.

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Note 1. Organization Merger and Description of Business (continued)

Basis of Presentation

The accompanying unaudited consolidated financial statements of Warp Technology Holdings, Inc. and its subsidiaries (collectively the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended December 31, 2003 are not necessarily indicative of the results that may be expected for the fiscal year ended June 30, 2004. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2003.

The Company has incurred recurring operating losses since its inception, as of December 31, 2003 had an accumulated deficit of approximately \$33,872,000 and at December 31, 2003 had insufficient capital to fund all of its obligations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effect of the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

The Company's continuation as a going concern is dependant upon receiving additional financing. The Company anticipates that during its 2004 fiscal year it will need to raise at least \$6,000,000 to support its working capital needs and to continue to execute the requirements of its business plan. In November 2003 the Company completed an offering of 2,647.78 shares of Series B 10% Cumulative Convertible Preferred Stock for approximately \$2,647,780. On September 30, 2003, the Company completed an offering of 975,940 shares of its Series A 8% Cumulative Convertible Preferred Stock (subsequently converted into Series B 10% Cumulative Convertible Preferred Stock) with gross proceeds to the Company from the sale equaling \$975,940. There can be no assurance that the Company will have sufficient capital to support its working capital needs through its 2004 fiscal year.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of WARP and its wholly-owned subsidiaries (collectively the "Company"). All

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inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the

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amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition

Pursuant to AICPA Statement of Position ("SOP") 97-2, Software Revenue Recognition, the Company recognizes revenues from the sale of the WARP 2063e product when persuasive evidence of a contractual arrangement exists, delivery has occurred, the fee is fixed or determinable and collection is probable. The Company's software licenses generally are marketed with certain post-contract customer support ("PCS") and other obligations, which may include maintenance, delivery of unspecified upgrades, and warranties regarding service response times. Revenue under PCS agreements are recognized ratably over the term of the agreement. Under SOP 97-2, the Company must allocate revenue to each element based on vendor specific objective evidence ("VSOE") of each element's fair value. Since the Company has just begun to market its WARP 2063e products, VSOE of the fair value of each element has not been clearly established. Accordingly, revenue from license agreements is being recognized ratably over the term of the PCS agreement.

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Note 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Licensing revenues from Spider are recognized upon product delivery, provided persuasive evidence of an arrangement exists, fees are fixed or determinable and the resulting receivable is deemed collectible by management.

Inventory

Inventory consists of finished goods and is valued at the lower of cost or market using the specific identification method.

Intangible Assets and Goodwill

Intangible assets are primarily comprised of trademark, software, non-compete agreements and workforce assembly. Goodwill represents acquisition costs in excess of the net assets of businesses acquired. In accordance with SFAS 142, "Goodwill and Other Intangible Assets." No amortization is necessary and

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goodwill is tested for impairment on an annual basis. All other intangibles are being amortized over their estimated useful life of two to three years.

Comprehensive Loss

Comprehensive loss for the twelve months ended June 30, 2003 was approximately \$13,034,000.

Loss Per Share

Basic and diluted net loss per share information for all periods is presented under the requirements of SFAS No. 128, Earnings Per Share. Basic loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average common shares outstanding during the period. Diluted loss per share is calculated by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding. The dilutive effect of preferred stock, warrants and options aggregating approximately 39,398,000 as of December 31, 2003 of common shares are not included as the inclusion of such would be anti-dilutive for all periods presented.

Stock-Based Compensation

Stock-based compensation is accounted for by using the intrinsic value-based method in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations.

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Note 2. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation (continued)

The following table details the effect on net loss and loss per share had stock-based compensation expense been recorded based on the fair value method under SFAS No. 123, as amended.

	Three Months Ended December 31,		Six Months Ende
	2003	2002	2003
Net loss, as reported	\$ (3,357,702)	\$ (5,904,432)	\$ (5,862,121)
Add: Total stock-based employee compensation expense included in reported net loss	1,172,833	5,133,333	2,359,167
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards	(1,203,428)	(5,261,667)	(2,421,671)
Net loss, pro forma	\$ (3,388,297)	\$ (6,032,776)	\$ (5,924,625)
Beneficial conversion - Preferred dividend	(1,006,595)	--	(1,006,595)
Net Loss attributable to common stockholders- Pro forma	\$ (4,394,892)	\$ (6,032,776)	\$ (6,931,220)
Basic and diluted net loss per share, as reported	\$ (.06)	\$ (.10)	\$ (.10)
Basic and diluted net loss per share, pro forma	\$ (.06)	\$ (.10)	\$ (.10)

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Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003, except as for provisions that relate to SFAS No. 133 implementation issues that have been effective for fiscal quarters that began prior to June 30, 2003, which should continue to be applied in accordance with their respective dates. The adoption of SFAS No. 149 has not and is not expected to have a material impact on the Company's financial condition, results of operations, and cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement requires that certain financial instruments that, under previous guidance, issuers could account for as equity be classified as liabilities in statements of financial position. Most of the guidance in SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 has not and is not expected to have a material impact on the Company's financial condition, results of operations, and cash flows.

In January 2003, the FASB issued FASB interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN46"). FIN46 requires that a variable interest entity be consolidated by a company if that

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company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual return or both. The consolidation requirements apply to the first fiscal or interim period ending after March 15, 2004. The adoption of FIN46 is not expected to have a material impact on the Company's financial condition, results of operations, and cash flows.

Segment Information

The Company operates in one segment.

Note 3. Stockholders Equity

In December 2003, the Company issued 5,000,000 shares of common stock to Blue & Gold Enterprises LLC ("Blue & Gold") as consideration for financial consulting services provided by Mr. Steven Antebi pursuant to the Consulting Agreement dated December 2003 between the Company and Mr. Antebi (the "Consulting Agreement"). The shares issued to Blue & Gold are restricted shares and were issued in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of that Act and Rule 506 of Regulation D thereunder. The shares issued to Blue & Gold are subject to the provisions of Rule 144 of the Securities Act and therefore generally cannot be resold for a period of twelve months from the date of receipt. A copy of the Consulting Agreement is attached hereto as Exhibit 10.13 and the reader is referred to that exhibit for the full text of that agreement.

On November 4, 2003, the Company completed an offering of 2,647.78 shares of Series B 10% Cumulative Convertible Preferred Stock (the "B Shares") with gross

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proceeds to the Company from the sale equaling \$2,647,780. The B Shares had a purchase price of \$1,000.00 per share. The purchase price of the B Shares was paid in cash. The B Shares have a cumulative dividend of 10% per year, which is payable in cash or stock at the time of conversion. Each B Share is convertible into approximately 5,556 shares of the common stock of the Company. The conversion to common stock of all the B Shares sold in the offering will result in the Company issuing approximately 14,710,000 shares of common stock to the B Share subscribers. The B Share subscribers also received warrants to purchase a number of common shares equal to 50% of the common shares such subscriber would receive upon the conversion of their B Shares to common shares. The exercise price of the warrants is \$.33 per share of common stock and the exercise price is only payable with cash. Exercise of all the warrants held by the B Share subscribers would result in the issuance of approximately 7,355,000 shares of common stock and would raise approximately \$2,427,000 if exercised by all warrant holders. The Company recorded approximately \$736,000 as beneficial conversion relating to this transaction because the fair market value of the common stock was greater than the conversion price. All of the B Shares sold in this offering were offered and sold to accredited investors (as defined in Rule 501 of Regulation D). The B Shares and the common stock underlying the B Shares and warrants are restricted securities and were issued in a transaction exempt from the registration requirements of the Securities Act, pursuant to Section 4(2) of that Act. The B Shares and the common stock underlying the B Shares and warrants are subject to Rule 144 under the Securities Act and therefore generally cannot be resold for a period of twelve months from the date of purchase. No general solicitations were made in connection with the sale of the B Shares. The Company was required to file a registration statement within 45 days of the closing date. As of December 31, 2003 the Company did not file the registration statement as such the Company is required to pay a penalty equivalent to 2% of shares purchased. The Company has recorded a charge of approximately

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\$89,000 relating to this penalty. The Company paid approximately \$322,000 in finders' fees relating to this private placement.

On September 30, 2003, the Company completed an offering of 975,940 shares of its Series A 8% Cumulative Convertible Preferred Stock (the "A Shares") with gross proceeds to the Company from the sale equaling \$975,940. The A Shares had a purchase price of \$1.00 per share. The A Shares had a cumulative dividend of 8% per year, which was payable in cash or stock at the time of conversion. During the first twelve months from the date of issuance each A Share was convertible into four shares of the common stock of the Company. Thereafter, the A Shares were convertible to common stock based upon the average market price of the Company's common stock over the five-day period immediately preceding the conversion date, subject to a minimum conversion price of \$.75 per share of common stock. The purchase price of the A Shares was paid in cash. All of the A Shares sold in this offering were offered and sold to accredited investors (as defined in Rule 501 of Regulation D). No general solicitations were made in connection with the sale of the A Shares. Pursuant to a "most favored nation" provision of the A Shares offering, the holders of the A Shares were entitled to receive the better terms of any offering that was completed subsequent to the closing of the A Shares offering. In order to efficiently comply with the terms of this "most favored nation" provision, the Company and the holders of the A Shares agreed to exchange the A Shares for B Shares on a dollar for dollar basis upon the completion of the B Shares offering in November 2003. As a result, the Company has cancelled all 975,940 A Shares which were to be issued and has instead issued 975.94 B Shares to the A Share subscribers. The A Share subscribers also received warrants with the same terms as the B Share subscribers. The conversion to common stock of all the B Shares issued to the A Share subscribers will result in the Company issuing approximately 5,422,000

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shares of common stock to the A Share subscribers. Exercise of all the warrants held by the A Share subscribers will result in the issuance of approximately 2,711,000 shares of common stock to the A Share subscribers and would raise approximately \$894,600 if exercised by all holders. The Company recorded approximately \$271,000 as beneficial conversion relating to this transaction because the fair market value of the common stock was greater than the conversion price. The Company recorded approximately \$60,000 for fees relating to this private placement.

In fiscal 2003, the Board of Directors issued 7,098,000 options to certain employees of the Company under its 2002 Stock Incentive Plan. Of those options, 1,833,333 vested on the date of grant and the remainder vest over a two to three year period. Such options have a term of ten years and have an exercise price of \$.25 per share. For financial statement purposes the Company recorded deferred compensation of \$18,996,000, representing the difference between the market price of the Company's stock and \$.25 on the date of grant. Deferred compensation is being amortized for financial reporting purposes over the vesting period of the options. The amount recognized as expense for the six month period ending December 31, 2003 was \$2,359,167.

In fiscal 2003, the Company granted 420,000 options to employees at an exercise price of \$.25 per share. Under the terms of employment the Company has agreed to compensate employees holding these options upon exercise, the difference between one dollar and cash realized from the exercise of each option up to one dollar in cash or stock. As of December 31, 2003, 400,000 options remain outstanding and accordingly, the Company has recorded a \$400,000 liability. All 400,000 options were fully vested and exercisable as of December 31, 2003. All 400,000 options expire in December 2004.

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In fiscal 2003 the Company's Board of Directors granted 1,500,000 options to consultants at an exercise price of \$.25 per share. Under the terms of engagement the Company agreed to compensate certain consultants upon exercise the difference between one dollar and cash realized from the exercise of each option up to one dollar in cash or stock up to a maximum of \$262,000, and accordingly, the Company has recorded a \$262,000 liability at December 31, 2003. At December 31, 2003, 1,438,000 options were outstanding, fully vested and exercisable and expire in December 2004.

Note 4. SpiderSoftware, Inc. Acquisition

On August 13, 2002 the Company entered into a memorandum of understanding (the "MOU") to enter into a business combination transaction with SpiderSoftware, Inc. ("Spider"), a Canadian corporation. On January 10, 2003 the Company completed the acquisition by issuing one million five hundred thousand shares of its common stock, stock options valued at \$178,328 and assumed debt of \$335,766 (including advances made by WARP) for all of the outstanding capital shares of Spider. The acquisition was valued at \$4,514,621 based upon an independent valuation.

The acquisition has been accounted for using the purchase method of accounting, and accordingly the purchase price has been allocated to the assets acquired and the liabilities assumed based on their fair values at the date of acquisition. The excess of the purchase price over the estimated fair values of net assets acquired has been recorded as goodwill.

Note 5. iMimic Letter of Intent

In April 2003 the Company signed a letter of intent to acquire iMimic

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Networking, Inc. ("iMimic"), a Texas corporation, by July 2003. In July the companies agreed to extend this letter of intent through November 30, 2003. As consideration for the extension the Company agreed to pay iMimic's operating expenses through November 30, 2003. The Company advanced approximately \$279,000 to iMimic, which was expensed on the Company's financial statements in the quarter ending December 31, 2003, since on November 30, 2003 the letter of intent expired and iMimic has no obligation to repay the Company. To date, the two parties have not been able to reach an agreement on new acquisition terms and as such there is currently no letter of intent in place between the Company and iMimic. The Company and iMimic are continuing to work together under the terms of an OEM license between them and the Company will continue to incorporate iMimic's technology into its products and software.

Note 6. Note Payable

On June 12, 2003 a shareholder loaned the Company \$120,000 on an unsecured basis. Such amount bears interest at 1% per month and was due on June 30, 2003. The Company repaid \$75,000 of the loan in September 2003 and the remaining balance was repaid in November 2003.

Note 7. Subsequent Events

In January 2004, the Board of Directors authorized the issuance of 1,500,000 warrants to Mr. Ray Musson and Killick & Co as a result of previous unregistered shares. The warrants have a (5) five-year term, an exercise price of \$.36 per share and no cashless exercise provision.

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ITEM 2. Management's Discussion And Analysis Or Plan Of Operation.

The following discussion and analysis provides information that the Company's management believes is relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's financial statements and the notes to financial statements, which are included in this report, and with the Company's Form 10-KSB.

Plan of Operations

The Company's plan of operation is to develop, manage and market the products of its subsidiaries, which have developed unique and proprietary technologies which accelerate the processing speed of dynamic content requests and improve the efficiency of an internet or intranet network's infrastructure. The Company refers to this activity as Application Acceleration. The Company's product offerings are marketed as components of its GTEN (Global Transaction Enabled Network) application acceleration framework. This includes the WARP 2063e, SpiderSoftware's Enterprise and Spider Professional and iMimic's DataReactor and StreamReactor software products. The Company's technology moves the processing of dynamic and static content requests away from the core of an enterprises' network infrastructure to the edge of that infrastructure. By doing so, the Company's technology and products enable an enterprise to improve the efficiency of its network infrastructure resulting in:

- o The elimination of complex transaction-processing bottlenecks,
- o Improved response times,
- o Lower hardware costs, and
- o Lower wide area network costs.

Strategic Initiatives to Strengthen the Company's Operational Effectiveness

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Having completed an initial six months of "validation sales" from June 30, 2002 through December 31, 2002, the Company elected to undertake a strategy to improve the effectiveness of its sales and marketing strategy. As part of its strategy the Company acquired Spider in January 2003 and in April 2003 the Company entered into an OEM Software License Agreement with iMimic Networking, Inc.

Increase Product Range:

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The Company has initiated a strategy to broaden the scope of the technologies that it delivers to its customers and channel partners through a series of acquisitions and licensing strategies. A significant portion of that plan is underway, as the combination of Spider, iMimic and WARP technologies has significantly increased the overall product offerings of the Company. Management expects the further broadened product coverage to promote enhanced customer traction. Dynamic caching is a relatively new technology with an undefined market size. By incorporating iMimic's DataReactor into its technology, the Company is seeking to increase the target market for its products to cover the static caching market, which analysts estimate ranges from \$250 million to \$450 million per year.

Increase Sales Effectiveness:

The Company reorganized its sales organization during the third quarter of fiscal 2003. The nature of new technology launches requires a consultative selling approach, since customers are typically unfamiliar with new techniques such as dynamic caching. In order to promote a consultative approach, the Company has formed what it believes to be a capable sales engineering team. Essentially, the Company's strategy is to have the salesperson focus on moving the customer through the sales process from "prospect" status to "closure", while the sales engineering team handles any technical details required by the customer. This approach is intended to shorten the sales cycle and promote the image of the Company.

Direct Sales:

The Company uses its direct sales team to create base level traction with potential customers. Direct sales is used as the foundation to promote channel sales. Essentially, the strategy is to show the channel, i.e. VARs and resellers, the benefits of selling the Company's technology. In the third quarter of fiscal 2003, the Company increased its direct sales representatives from five to ten. Seven of the sales staff were newly recruited from leading technology firms in related markets. In order to promote increased visibility into the sales process, the Company instituted Company wide use of an integrated sales management system. As a result, new account opportunities are closely monitored and tracked across five development stages: Prospect, Proposal, Pilot, Negotiation, and Won/Lost. Additionally, the Company has instituted an incentive based compensation plan for all sales staff.

Channel Sales:

Channel Sales are active in Japan and Europe. In Japan, Macnica Networks is the Company's master reseller. The Company's United Kingdom office (the "UK Office") has been effective in developing VAR relationships. To date the UK Office has developed three VAR relationships with Morse, Estafet and European Management Group. There have been no channel sales in North America to date. The Company has engaged an experienced channel sales consultant to develop the channel in North America. The focus of the Company's initial channel effort in

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North America will be on small integrators and resellers that focus on web performance.

Results of Operations

During the three months ending December 31, 2003 the Company recognized approximately \$309,000 of revenues compared to approximately \$87,000 for the three months ended December 31, 2002. The increase in revenue was due to the Company selling more software products where revenue is recognized upon delivery in 2003 compared with 2002.

During the six months ending December 31, 2003 the Company recognized approximately \$364,000 of revenues compared to approximately \$146,000 for the six months ended December 31, 2002. The increase in revenue was due to the Company selling more software products where revenue is recognized upon delivery in 2003 versus 2002 where revenues were all from hardware sales.

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Cost of sales for three months ended December 31, 2003 was \$33,987 as compared to \$354 for the three months ended December 31, 2002. The increase in cost of sales was due to the Company increase in sales and change in product mix.

Cost of sales for six months ended December 31, 2003 was \$42,365 as compared to \$32,951 for the six months ended December 31, 2002. The increase in cost of sales was due to the Company increase in sales and change in product mix.

Product development costs were approximately \$256,000 for the three months ended December 31, 2003 as compared to approximately \$115,000 for the three months ended December 31, 2002. The increase was due to the Company's acquisition of Spider Software in 2003.

Product development costs were approximately \$325,000 for the six months ended December 31, 2003 as compared to approximately \$252,000 for the six months ended December 31, 2002. The increase was due to the Company's acquisition of Spider Software in 2003.

Sales and marketing costs were approximately \$630,000 for the three months ended December 31, 2003 as compared to approximately \$130,000 for the three months ended December 31, 2002. The increase represents the Company's focus on selling its products by increasing its sales force and marketing efforts.

Sales and marketing costs were approximately \$1,262,000 for the six months ended December 31, 2003 as compared to approximately \$336,000 for the six months ended December 31, 2002. The increase represents the Company's focus on selling its products by increasing its sales force and marketing efforts.

General and administrative expense was approximately \$731,000 for the three months ended December 31, 2003 as compared to approximately \$616,000 for the three months ended December 31, 2002. The increase was due primarily to advances made to iMimic that will not be repaid that were partially offset by cost cutting of corporate overhead expenses.

General and administrative expense was approximately \$1,259,000 for the six months ended December 31, 2003 as compared to approximately \$1,183,000 for the six months ended December 31, 2002. The increase was due primarily to advances made to iMimic that will not be repaid that were partially offset by cost cutting of corporate overhead expenses.

Non-cash compensation, consulting fees and others for the three months ended December 31, 2003 was approximately \$2,075,000 as compared to approximately

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\$5,133,000 for the three months ended December 31, 2002. The decrease in non-cash compensation primarily relates to a portion of prior year employee stock options of \$5,133,000 vesting immediately as compared to \$1,172,000 expensed for the three months ended December 31, 2003, and a reduction of \$136,000 for previous non-cash compensation reclassified to salary expense. In addition, the Company recognized non-cash compensation of approximately \$950,000 relating to 5,000,000 shares of common stock issued to a consultant and approximately \$89,000 relating to penalty provision of the B Shares in December 2003.

Non-cash compensation for the six months ended December 31, 2003 was approximately \$3,398,000 as compared to approximately \$5,133,000 six months ended December 31, 2002. The decrease in non-cash

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compensation primarily relates to a portion of prior year employee stock options of \$5,133,000 vesting immediately as compared with \$2,359,166 expensed for the six months ended December 31, 2003, and a reduction of \$136,000 for previous non-cash compensation reclassified to salary expense. In addition, the Company recognized non-cash compensation of approximately \$950,000 relating to 5,000,000 shares of common stock issued to a consultant and approximately \$89,000 relating to penalty provision of the B Shares in December 2003.

Net interest and other income for the three months ended December 31, 2003 was approximately \$60,000 as compared to \$4,000 for the three months ended December 31, 2002. The increase was due primarily to a research and development refund relating to Spider Software from the Canadian government.

Net interest and other income for the six months ended December 31, 2003 was approximately \$61,000 as compared to \$9,000 for the six months ended December 31, 2002. The increase was due primarily to a research and development refund relating to Spider Software from the Canadian government.

Net Operating Loss Carryforwards

At December 31, 2003, the Company has net operating loss carryforwards of approximately \$20,100,000, which may be used to reduce taxable income in future years through the year 2023. Due to uncertainty surrounding the realization of the favorable tax attributes in future returns, WARP has placed a full valuation allowance against its net deferred tax asset. At such time as it is determined that it is more likely than not that the deferred tax asset is realizable, the valuation allowance will be reduced. Furthermore, the net operating loss carryforward may be subject to further limitation pursuant to Section 382 of the Internal Revenue Code.

Liquidity and Capital Resources

To date, the Company has financed its operations primarily through the sale of equity securities and debt. As of December 31, 2003, the Company had approximately \$556,000 in cash. The Company has never been profitable and expects to continue to incur operating losses in the future. The Company will need to generate significant revenues to achieve profitability and to be able to continue to operate. The Company's consolidated financial statements for June 30, 2003 had been prepared on the assumption that the Company will continue as a going concern. The Company's previous independent auditors issued their audit report for the June 30, 2003 financial statements dated October 9, 2003 that includes an explanatory paragraph stating that the Company's recurring losses and accumulated deficit, among other things, raise substantial doubt about the Company's ability to continue as a going concern. The Company's historical sales have never been sufficient to cover its expenses and it has been necessary to

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rely upon financing from the sale of equity securities and debt to sustain operations.

The Company's ultimate future capital requirements will depend on many factors, including cash flow from operations, customer acquisition, continued progress in research and development programs, competing technological and market developments, and the Company's ability to successfully market its products. The Company has no firm commitments from any sources to provide additional equity or debt financing. As such, there can be no assurance that sufficient funds will be raised to finance the operations

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of the Company through fiscal 2004. Moreover, any equity financing could result in dilution to the existing shareholders and any debt financing would result in higher interest expenses.

The Company anticipates that during its 2004 fiscal year it will need to raise at least \$6,000,000 to support its working capital needs and to continue to execute the requirements of its business plan. In November 2003, the Company completed an offering of 2,647.78 shares of Series B 10% Cumulative Convertible Preferred Stock for gross proceeds to the Company of approximately \$2,647,780. On September 30, 2003, the Company completed an offering of 975,940 shares of its Series A 8% Cumulative Convertible Preferred Stock (subsequently converted into Series B 10% Cumulative Convertible Preferred Stock) with gross proceeds to the Company from the sale equaling \$975,940. There can be no assurance that the Company will succeed in raising sufficient capital to continue operations or that any such capital will be available on favorable terms.

Subsequent Events

In January 2004, the Board of Directors authorized the issuance of 1,500,000 warrants to Mr. Ray Musson and Killick & Co as a result of previous unregistered shares. The warrants have a (5) five-year term, an exercise price of \$.36 per share and no cashless exercise provision.

In February 2004, the Company sent an Offer to Exchange to certain holders of eligible warrants for Common Stock. The Offer to Exchange allows certain warrant holders the opportunity to exchange the eligible warrants for new warrants, which new warrants have a lower exercise price of \$0.15 per share and are immediately exercisable for Common Stock. The Offer to Exchange will expire on March 5, 2004. On February 4, 2004 the Company filed a Schedule TO with the SEC describing the terms of the Offer to Exchange.

Critical Accounting Policies

Revenue Recognition

Pursuant to AICPA Statement of Position ("SOP") 97-2, Software Revenue Recognition, the Company recognizes revenues from software licenses when persuasive evidence indicates a contractual arrangement exists, delivery has occurred, the fee is fixed or determinable and collection is probable. The Company's software licenses generally are marketed with certain post contract customer support ("PCS") and other obligations, which may include maintenance, delivery of unspecified upgrades, and warranties regarding service response times. Revenue under PCS agreements is recognized ratably over the term of the agreement. Under SOP 97-2, the Company must allocate revenue to each element based on vendor specific objective evidence ("VSOE") of each element's fair value. Since the Company has just begun to market its products, VSOE of the fair value of each element has not been clearly established. Accordingly, revenue from license agreements is being recognized ratably over the term of the PCS

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agreement.

Licensing revenue from Spider Software and Data Reactor is recognized upon product delivery provided persuasive evidence of an arrangement exists, fees are fixed or determinable and the resulting receivable is deemed collectible by management.

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Goodwill and Impairment

The Company reviews goodwill when events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. We also review goodwill as required by SFAS No. 142, "Goodwill and Other Intangible Assets", which requires that goodwill be tested annually using a two-step process. The first is to identify any potential impairment by comparing the carrying value of the company to the fair market value. If a potential impairment is identified, the second step is to compare the implied fair value of goodwill with its carrying amount to measure the impairment loss. The Company's fair value is determined by the price in the public market. A significant decrease in the market price could result in an unexpected impairment charge to goodwill, which could have a negative impact on our operating results. We will complete our annual testing in the quarter ending June 30, 2004. The annual impairment test completed during the fourth quarter of fiscal year ended June 30, 2003 indicated that our goodwill is not impaired.

Controls And Procedures

Within 90 days prior to the date of this Quarterly Report on Form 10-QSB for the fiscal quarter ended December 31, 2003, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and President, the principal executive officer, and the Company's principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the principal executive and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings.

In October 2003, the Company received a summons and complaint filed in the Supreme Court of the State of New York on October 1, 2003 on behalf of a former consultant to the Company. The consultant provided services to the Company from March 2003 until August 2003, when he severed his ties with the Company to pursue other professional opportunities. The consultant claimed that the Company owed him additional compensation in the amount of \$60,000 for services he rendered to the Company during the period of his engagement as a consultant. The damages claimed by the consultant in this action were \$60,000 plus reasonable attorney's fees and unspecified liquidated damages. In December

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2003, the Company settled this action with the consultant and paid him \$50,000 in cash. Pursuant to the settlement agreement the consultant withdrew his action.

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ITEM 2. Changes In Securities And Small Business Issuer Purchases of Equity Securities

The following information relates to sales of unregistered securities by the Company during the second quarter of fiscal 2004 ended December 31, 2003. All of these sales of securities were made in reliance upon the exemption from the registration provisions of the Securities Act of 1933, as amended (the "Securities Act"), set forth in Sections 4(2) thereof and the rules and regulations under the Securities Act, including Regulation D, as transactions by an issuer not involving any public offering and/or sales to a limited number of purchasers who were acquiring such securities for their own account for investment purposes and not with a view to the resale or distribution thereof.

On November 4, 2003, the Company completed an offering of 2,647.78 shares of Series B 10% Cumulative Convertible Preferred Stock (the "B Shares") with gross proceeds to the Company from the sale equaling \$2,647,780. The B Shares had a purchase price of \$1000.00 per share. The purchase price of the B Shares was paid in cash. The B Shares have a cumulative dividend of 10% per year, which is payable in cash or stock at the time of conversion. Each B Share is convertible into approximately 5,556 shares of the common stock of the Company. The conversion to common stock of all the B Shares sold in this offering will result in the Company issuing approximately 14,710,000 shares of common stock to the B Share subscribers. The B Share subscribers also received warrants to purchase a number of common shares equal to 50% of the common shares such subscriber would receive upon the conversion of their B Shares to common shares. The exercise price of the warrants is \$.33 per share of common stock and the exercise price is only payable with cash. Exercise of all the warrants held by the B Share subscribers would result in the issuance of approximately 7,355,000 shares of common stock and would raise approximately \$2,427,000 if exercised by all holders. The Company recorded approximately \$736,000 as beneficial conversion preferred dividends relating to this transaction because the fair market value of the common stock was greater than the conversion price. The Company was required to file a registration statement within 45 days of the closing date. As of December 31, 2003, the Company did not file the registration statement as such the Company is required to pay a penalty equivalent to 2% of shares purchased. The Company has recorded a charge of approximately \$89,000 relating to this penalty. The Company paid approximately \$322,000 in finders' fees relating to this private placement. All of the B Shares sold in this offering were offered and sold to accredited investors (as defined in Rule 501 of Regulation D). The B Shares and the common stock underlying the B Shares and warrants are restricted securities and were issued in a transaction exempt from the registration requirements of the Securities Act, pursuant to Section 4(2) of that Act. The B Shares and the common stock underlying the B Shares and warrants are subject to Rule 144 under the Securities Act and therefore generally cannot be resold if not in compliance with the limitations set forth in Rule 144 of the Securities Act. No general solicitations were made in connection with the sale of the B Shares.

On September 30, 2003, the Company completed an offering of 975,940 shares of its Series A 8% Cumulative Convertible Preferred Stock (the "A Shares") with gross proceeds to the Company from the sale equaling \$975,940. The A Shares had a purchase price of \$1.00 per share. The A Shares had a cumulative dividend of 8% per year, which was payable in cash or stock at the time of conversion. The purchase price of the A Shares was paid in cash. All of the A Shares sold in this offering were offered and sold to accredited investors (as defined in Rule

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501 of Regulation D). No general solicitations were made in connection with the sale of the A Shares. Pursuant to a "most favored nation" provision of the A Shares offering, the holders of the A Shares were entitled to receive the better terms of any offering that

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was completed subsequent to the closing of the A Shares offering. In order to efficiently comply with the terms of this "most favored nation" provision, the Company and the holders of the A Shares agreed to exchange the A Shares for B Shares on a dollar for dollar basis. As a result, the Company has cancelled all 975,940 A Shares which were to be issued and has instead issued 975.94 B Shares to the A Share subscribers. The A Share subscribers also received warrants with the same terms as the B Share subscribers. The conversion to common stock of all the B Shares issued to the A Share subscribers will result in the Company issuing approximately 5,421,900 shares of common stock to the A Share subscribers. Exercise of all the warrants held by the A Share subscribers would result in the issuance of approximately 2,711,000 shares of common stock to the A Share subscribers and would raise approximately \$894,600 if exercised by all holders. The Company recorded approximately \$271,000 as beneficial conversion preferred dividends relating to this transaction because the fair market value of the common stock was greater than the conversion price. The Company recorded approximately \$60,000 for fees relating to this private placement.

In December 2003, the Company issued 5,000,000 shares of common stock to Blue & Gold Enterprises LLC ("Blue & Gold") as consideration for financial consulting services provided by Mr. Steven Antebi pursuant to the Consulting Agreement dated December 2003 between the Company and Mr. Antebi (the "Consulting Agreement"). The shares issued to Blue & Gold are restricted shares and were issued in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of that Act and Rule 506 of Regulation D there under. The shares issued to Blue & Gold are subject to the provisions of Rule 144 of the Securities Act and therefore generally cannot be resold for a period of twelve months from the date of receipt. A copy of the Consulting Agreement is attached hereto as Exhibit 10.13 and the reader is referred to that exhibit for the full text of that agreement.

ITEM 3. Defaults Upon Senior Securities.

None

ITEM 4. Submission Of Matters To A Vote Of Security Holders.

None

ITEM 5. Other Information.

On November 30, 2003, the letter of intent between the Company and iMimic Networking Inc. ("iMimic") which outlined the terms of a proposed acquisition of iMimic by the Company expired. To date, the two parties have not been able to reach an agreement on new acquisition terms and as such there is currently no letter of intent in place between the Company and iMimic. The Company and iMimic are continuing to work together under the terms of an OEM license between them and the Company will continue to incorporate iMimic's technology into its products and software.

On January 28, 2004, Mr. Karl Douglas resigned from his position on the Board of Directors and the Audit Committee of the Board of Directors of the Company. Mr. Douglas wished to commit more

time to other business interests and did not have any disagreements with the Company or the Board of Directors, on any matter relating to the Company's operations, policies or practices.

On January 28, 2004, Mr. Gus Bottazzi was appointed to the Board of Directors of the Company to fill the vacancy created by Mr. Douglas' resignation. On that same date, Mr. Bottazzi was promoted by the Board of Directors to the positions of President and Chief Executive Officer of the Company. Mr. Malcolm Coster resigned from his position as the interim President and Chief Executive Officer but retained his position as the Company's Chairman of the Board of Directors and principal financial officer. Mr. Coster had been acting as the interim President and Chief Executive Officer since August 2003 under the terms of an Employment Agreement between himself and the Company executed in November 2003. The terms of Mr. Coster's Employment Agreement applied retroactively to the date of his appointment as interim President and Chief Executive Officer. A copy of Mr. Coster's Employment Agreement is attached hereto as Exhibit 10.14 and the reader is referred to that exhibit for the full text of that agreement.

In January 2004, the Board of Directors authorized the issuance of 1,500,000 warrants to Mr. Ray Musson and Killick & Co as a result of previous unregistered shares. The warrants have a (5) five-year term, an exercise price of \$.36 per share and no cashless exercise provision.

In February 2004, the Company sent an Offer to Exchange to certain holders of eligible warrants for Common Stock. The Offer to Exchange allows certain warrant holders the opportunity to exchange the eligible warrants for new warrants, which new warrants have a lower exercise price of \$0.15 per share and are immediately exercisable for Common Stock. The Offer to Exchange will expire on March 5, 2004. On February 4, 2004 the Company filed a Schedule TO with the SEC describing the terms of the Offer to Exchange.

ITEM 6. Exhibits And Reports On Form 8-K.

(a) Exhibits:

The following documents heretofore filed by the Company with the Securities and Exchange Commission are hereby incorporated by reference:

Exhibit Number -----	Description Of Document -----
2.1*	Form of Share Exchange Agreement dated as of May 16, 2002 by and among Abbott Mines, Ltd., Carlo Civelli, Mike Muzykowski, WARP Solutions, Inc., Karl Douglas, John Gnip and the Persons Identified on Schedule A thereto. Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Company on June 10, 2002.
3.1*	Articles of Incorporation of WARP Technology Holdings, Inc. Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form SB-2 (Registration No. 333-46884) filed by the Company on August 28, 2000 as amended (the "Registration Statement").
3.2*	By-laws of WARP Technology Holdings, Inc. Incorporated by reference to Exhibit 3.2 to the Registration Statement.

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3.3* The form of the Articles of Merger of Abbott Mines Limited and WARP Technology Holdings, Inc. Incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed by the Company on September 3, 2002.

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3.4* Form of Certificate of Amendment to Articles of Incorporation of WARP Technology Holdings, Inc. filed with the Secretary of State of the State of Nevada on September 12, 2003. Incorporated by reference to Exhibit 3.4 to the Annual Report on Form 10-KSB filed by the Company on October 14, 2003.

3.5* Form of Charter of the Audit Committee of the Board of Directors of WARP Technology Holdings, Inc. as adopted by the Unanimous Consent of the Board of Directors of the Company in May 2003 which governs the make-up, powers and responsibilities of the Audit Committee of the Board of Directors. Incorporated by reference to Exhibit 3.5 to the Annual Report on Form 10-KSB filed by the Company on October 14, 2003.

3.6* Form of Certificate Of Designations, Preferences And Rights Of Series A 8% Cumulative Convertible Preferred Stock Of Warp Technology Holdings, Inc. as filed with the Secretary of State of the State of Nevada on October 1, 2003. Incorporated by reference to Exhibit 3.6 to the Quarterly Report on Form 10-QSB filed by the Company on November 14, 2003.

3.7* Form of Certificate Of Designations, Preferences And Rights Of Series B 10% Cumulative Convertible Preferred Stock Of Warp Technology Holdings, Inc. as filed with the Secretary of State of the State of Nevada on October 1, 2003. Incorporated by reference to Exhibit 3.7 to the Quarterly Report on Form 10-QSB filed by the Company on November 14, 2003.

10.13# Form of Consulting Agreement between WARP Technology Holdings, Inc. and Mr. Steven Antebi which was executed by the parties thereto on December 23, 2003.

10.14# Form of Employment Agreement between WARP Technology Holdings, Inc. and Mr. Malcolm Coster which was executed by the parties thereto on November 17, 2003.

31.1# Certification of Chief Executive Officer required by Exchange Act Rules 13a-14(a) (Section 302)

31.2# Certification of Pricipal Financial Officer requires by Exchange Act Rules 13a-14(a) (Section 302)

32.1# Certification required by 18 U.S.C.Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2# Certification required by 18 U.S.C.Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Incorporated herein by reference.

Filed herewith.

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(b) Reports on Form 8-K:

The following reports on Form 8-K have been filed during the time period covered by this report:

On December 19, 2003, the Company filed a Current Report on Form 8-K which disclosed that on December 16, 2003 it had changed its independent accountant from Ernst & Young LLP to Mahoney Cohen & Company, CPA, P.C.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

February __, 2004

WARP TECHNOLOGY HOLDINGS INC

By: /s/ Gus Bottazzi

Gus Bottazzi, CEO and President
and Principal Executive Officer

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EXHIBIT INDEX

The following Exhibits are filed herewith:

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