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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

COMMISSION FILE NUMBER: 000-32249

ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.

(Name of small business issuer in its charter)

Florida	77-0616120
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3233 Grand Avenue, Suite N-353
Chino Hills, California 91709-1489
(Address and telephone number of principal executive offices)

(909) 623-2502
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of September 12, 2006, the issuer had 32,380,840 shares of its common stock issued and outstanding.

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

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

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEET
JUNE 30, 2006
(UNAUDITED)

Assets	
Current assets:	
Cash	$ 27,974
Accounts receivable, net allowance for doubtful accounts totaling $85,825	889,914
Costs and estimated earnings in excess of billings on uncompleted contracts	88,700
Inventory	121,043
Prepaid expenses and other	68,684
Total current assets	1,196,315
Property and equipment, net	425,993
Other assets	40,091
Total assets	$ 1,662,399

LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY:

Current liabilities:	
Accounts payable	$ 585,336
Accrued interest and other	369,862
Accrued payroll	154,578
Billings in excess of costs and estimated earnings on uncompleted contracts	167,675
Purchase price payable	39,756
Due to de-consolidated entities	793,025
Current portion of notes payable, net of discounts totaling $135,402	926,611
Current portion of note payable - related party	27,343
Total current liabilities	3,064,186
Notes payable, net of current portion and net of discounts totaling $415,312	89,211
Note payable - related party, net of current portion	99,437
Commitments and contingencies	--
Deficiency in stockholders' equity:	
Preferred stock, $.001 par value; 10,000,000 shares authorized; none issued and outstanding	--
Common stock, $0.001 par value; 100,000,000 shares authorized; 32,380,840 shares issued and outstanding	32,381
Additional paid-in capital	16,896,661
Common stock subscribed, 3,500 shares	597
Accumulated deficit	(18,520,074)
Total deficiency in stockholders' equity	(1,590,435)
Total liabilities and deficiency in stockholders' equity	$ 1,662,399

See accompanying notes to the consolidated financial statements.

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ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended June 30,	For the nine months ended June 30,

	2006	2005	2006	2005
<S>	<C>	<C>	<C>	<C>
Revenues, net	$ 963,625	$ 1,790,403	$ 3,722,302	$ 3,844,586
Cost of goods sold	672,598	1,148,867	2,465,904	2,343,117
Gross profit	291,027	641,536	1,256,398	1,501,469
Operating expenses:				
Selling, general, and administrative expenses	464,744	494,205	1,433,026	1,481,933
Depreciation and amortization	26,880	11,434	75,243	37,469
Goodwill impairment	21,532	48,412	21,532	48,412
Total operating expenses	513,156	505,639	1,529,801	1,519,402
Income (Loss) from continuing operations	(222,129)	135,897	(273,403)	(17,933)
Other income	6,171	--	44,106	--
Liquidated damages	167,821	--	358,459	--
Interest expense	224,740	155,096	586,859	461,356
Loss from continuing operations before provision for income taxes	(608,519)	(19,199)	(1,174,615)	(479,289)
Provision for income taxes	--	--	--	--
Net loss from continuing operations	(608,519)	(19,199)	(1,174,615)	(479,289)
Discontinued operations, net of taxes	(54,414)	(29,491)	(146,600)	(66,977)
Net loss	$ (662,933)	$ (48,690)	$ (1,321,215)	$ (546,266)
Net loss per share - basic and fully diluted	$ (0.02)	$ (0.00)	$ (0.04)	$

(0.02)

	============	============	============	============
Basic and diluted weighted average number of shares outstanding	32,377,507	27,789,728	32,380,747	26,914,392
	============	============	============	============

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See accompanying notes to the consolidated financial statements.

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ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

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	For the nine months ended June 30,	
	2006	2005
<S>	<C>	<C>
Net loss	$(1,321,215)	$ 546,266)
Add back: Net loss from discontinued operations, net of taxes	(146,600)	(66,977)
Net loss from continuing operations	(1,174,615)	(479,289)
Cash flows from continuing operating activities:		
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Depreciation and amortization	75,243	37,469
Common stock issued for services	5,000	--
Goodwill impairment	21,532	--
Amortization of note discount	490,143	387,470
Reserve for bad debts	1,583	--
Gain on settlement	(37,935)	--
Changes in:		
Accounts receivable	179,817	(662,918)
Due to de-consolidated entities	(20,000)	--
Inventory	56,099	(96,355)
Construction in progress	6,002	24,763
Other assets	(62,701)	(31,759)
Accounts payable and accrued expenses	484,505	352,737
Net cash provided by (used in) continuing operating activities	24,673	(467,882)
Cash flows from continuing investing activities:		
Purchases of property and equipment	(81,146)	(28,399)
Net cash used in continuing investing activities	(81,146)	(28,399)
Cash flows from continuing financing activities:		
Proceeds from notes payable	100,000	490,000

Proceeds from notes payable - related party	--	20,000
Principal payments on notes payable	(19,123)	(20,000)
Net cash provided by continuing financing activities	80,877	490,000
Net cash used for discontinued operations	(109,583)	(66,977)
Net decrease in cash	(90,179)	(73,258)
Cash at beginning of period	113,153	158,093
Cash at end of period	$ 27,974	$ 84,835
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION :		
Cash paid during the period for interest	$ 8,250	$ 3,045
Cash paid during the period for income taxes	$ --	$ --
Beneficial conversion feature of convertible note	$ 424,523	$ 133,711
Value of warrants issued with convertible note	$ 80,000	$ 356,289

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See accompanying notes to the consolidated financial statements.

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ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL INFORMATION
JUNE 30, 2006
(UNAUDITED)

NOTE 1 - BUSINESS, BASIS OF PRESENTATION and GOING CONCERN ISSUES

General

The accompanying unaudited consolidated financial statements 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. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles 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. Accordingly, the results from operations for the nine month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ended September 30, 2006. The unaudited consolidated financial

statements should be read in conjunction with the consolidated September 30, 2005 financial statements and footnotes thereto included in the Company's SEC Form 10-KSB.

Business and Basis of Presentation

Entech Environmental Technologies, Inc. ("Entech" or the "Company"), formerly Cyber Public Relations, Inc., was formed in June, 1998 under the laws of the State of Florida. The Company, through its H.B. Covey subsidiary, provides construction, maintenance and testing services to petroleum service stations in the southwestern part of the United States of America, and provides installation services for consumer home products in Southern California.

The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiary, H.B. Covey, Inc., a California corporation ("H.B. Covey"). All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Going Concern Issues

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. During the years ended September 30, 2005 and 2004, the Company incurred losses from continuing operations of $1.2 million and $16.0 million, respectively; and had negative cash flows from continuing operations of $588,000 and $1.7 million, respectively. As of June 30, 2006, the Company has negative working capital of $1.9 million, an accumulated deficit of $18.5 million, current portion of notes payable of $1.1 million after full amortization of the note discount, and accounts payable and accrued expenses of $1.1 million.

Other than cash received from the collection of accounts receivable for construction and maintenance services, the Company's cash resources are generally limited to borrowings under the Note Purchase Agreements as discussed in Note 3. To date, the Company has borrowed $1.1 million under the original agreement which provides for total aggregate borrowings of $1.5 million. The Note Purchase Agreement provides certain restrictions on the Company's ability to raise funds from other resources. As a result, payments to vendors, lenders and employees may be delayed.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The Company's existence is dependent upon management's ability to develop profitable operations and to resolve its liquidity problems. Management anticipates the Company will attain profitable status and improve its liquidity through the continued development, marketing and selling of its services, and through additional debt or equity investment in the Company.

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Basic and diluted net loss per share

Net loss per share is calculated in accordance with the Statement of Financial Accounting Standards No. 128 (SFAS No. 128), Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all potential dilutive convertible shares and stock options or warrants were converted or exercised. The calculation of diluted net loss per share excludes potential common stock equivalents if the effect is anti-dilutive. The Company's weighted common shares outstanding for basic and dilutive were the same since the effect of common

stock equivalents was anti-dilutive.

The Company has the following dilutive convertible notes payable and warrants as of June 30, 2006 and 2005 which were excluded from the calculation since the effect is anti-dilutive.

	2006	2005
Convertible notes payable	62,661,400	42,480,480
Warrants	28,355,555	24,355,555
Total	91,016,955	66,836,035

Recent Accounting Pronouncements

On December 16, 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R). SFAS 123R eliminates the alternative of applying the intrinsic value measurement provisions of APB 25 to stock compensation awards issued to employees. Rather, the new standard requires enterprises to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). On April 14, 2005, the Securities and Exchange Commission ("SEC") announced the adoption of a rule that defers the required effective date of SFAS 123R. The SEC rule provides that SFAS 123R is now effective for small business issuers as of the beginning of the first fiscal year beginning after December 15, 2005. SFAS 123R will be effective for our fiscal year beginning October 1, 2006.

In March 2005, the SEC released Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"), which provides interpretive guidance related to the interaction between SFAS 123(R) and certain SEC rules and regulations. It also provides the SEC staff's views regarding valuation of share-based payment arrangements. In April 2005, the SEC amended the compliance dates for SFAS 123(R), to allow companies to implement the standard at the beginning of their next fiscal year, instead of the next reporting period beginning after June 15, 2005. Management is currently evaluating the impact SAB 107 will have on the financial statements.

In May 2005, the FASB issued FASB Statement No. 154, Accounting Changes and Error Corrections. This new standard replaces APB Opinion No. 20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements, and represents another step in the FASB's goal to converge its standards with those issued by the IASB. Among other changes, Statement 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. Statement 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. Early adoption of this standard is permitted for accounting changes and correction of errors made in fiscal years beginning after June 1, 2005. Management believes that changes resulting from adoption of the FASB will not have a material effect on the financial statements taken as a whole.

In June 2005, the EITF reached a consensus on Issue 05-6, "Determining the Amortization Period for Leasehold Improvements," which requires that leasehold improvements acquired in a business combination or purchased subsequent to the

inception of a lease be amortized over the lesser of the useful life of the assets or a term that includes renewals that are reasonably assured at the date of the business combination or purchase. EITF 05-6 is effective for periods beginning after June 29, 2005. Earlier application is permitted in periods for which financial statements have not been issued. The adoption of this Issue did not have an impact on the Company's financial statements.

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In February 2006, the FASB decided to move forward with the issuance of a final FSP FAS 123R-4 Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement upon the Occurrence of a Contingent Event. The guidance in this FSP FAS 123R-4 amends paragraphs 32 and A229 of FASB Statement No. 123R to incorporate the concept articulated in footnote 16 of FAS 123R. That is, a cash settlement feature that can be exercised only upon the occurrence of a contingent event that is outside the employee's control does not meet the condition in paragraphs 32 and A229 until it becomes probable that the event will occur. Originally under FAS 123R, a provision in a share-based payment plan that required an entity to settle outstanding options in cash upon the occurrence of any contingent event required classification and accounting for the share based payment as a liability. This caused an issue under certain awards that require or permit, at the holder's election, cash settlement of the option or similar instrument upon (a) a change in control or other liquidity event of the entity or (b) death or disability of the holder. With this new FSP, these types of cash settlement features will not require liability accounting so long as the feature can be exercised only upon the occurrence of a contingent event that is outside the employee's control (such as an initial public offering) until it becomes probable that event will occur. The guidance in this FSP shall be applied upon initial adoption of Statement 123(R). An entity that adopted Statement 123(R) prior to the issuance of the FSP shall apply the guidance in the FSP in the first reporting period beginning after February 2006. Early application of FSP FAS 123R-4 is permitted in periods for which financial statements have not yet been issued. The Company does not anticipate that this new FSP will have any material impact upon its financial condition or results of operations.

In February 2006, the FASB issued SFAS 155 "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and In February 2006, the FASB issued SFAS 155 "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140". This Statement amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, Application of Statement 133 to Beneficial Interests in Securitized Financial Assets. This Statement:

a. Permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;

b. Clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133;

c. Establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;

d. Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and e. Amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The fair value election provided for in paragraph 4(c) of this Statement may also be applied upon adoption of this Statement for hybrid financial instruments that had been bifurcated under paragraph 12 of Statement 133 prior to the adoption of this Statement. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including financial statements for any interim period for that fiscal year. Provisions of this Statement may be applied to instruments that an entity holds at the date of adoption on an instrument-by-instrument basis. The Company is currently evaluating the impact of SFAS 155.

NOTE 2 - ACQUISITION OF ASSETS and GOODWILL IMPAIRMENT

Acquisition of Assets

On December 9, 2005, the Company entered into an Asset Purchase and Sale Agreement with Pacific Coast Testing to acquire the assets of this fuel system testing company for $125,000. No liabilities were assumed as part of the transaction. The Company paid $75,000 of the purchase price at closing, and the remaining $50,000 was payable in May 2006. The final payment is subject to downward adjustment for issues that may arise subsequent to the transaction.

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The assets acquired were valued at their fair market value, resulting in the recording of goodwill totaling approximately $22,000. Following is a breakdown of the purchase price allocation:

	Amount
Vehicles	$ 57,455
Equipment	37,590
Inventory	8,423
Goodwill	21,532
Purchase price	$ 125,000

Burr Northrop, the Company's President, advanced the funds to make the initial $75,000 purchase price payment, and the Company recorded this as an advance from related party. As noted below, the Company entered into a Note Purchase Agreement to finance the repayment of the advance, and the advance was repaid in January 2006. The advance and $500 of interest were paid to Mr. Northrop in January 2006.

Goodwill Impairment

The Company merged the Testing Services division with the Maintenance Services division during the three months ended June 30, 2006, and recorded a goodwill impairment charge of $21,532, which was the amount of goodwill recorded at acquisition.

NOTE 3 - NOTE PURCHASE AGREEMENTS AND LIQUIDATED DAMAGES

In September 2004, the Company entered into a Note Purchase Agreement ("NPA #1") whereby the Company would borrow a minimum of $100,000 and a maximum of $1,500,000 pursuant to a secured convertible note or convertible notes. Through June 30, 2006, the Company has borrowed $1.1 million under NPA #1, and this amount is due on September 30, 2006. The notes are convertible into 42.5 million common shares, and the Company issued warrants to purchase 15.9 million common shares to the note holder pursuant to NPA #1. The shares underlying the

convertible notes and warrants have registration rights. The registration rights agreement for NPA #1 provides for liquidated damages equal to 36% per annum of the note principal in the event that a registration statement to register the underlying shares is not filed timely or declared effective timely. The Company filed a registration statement to register the shares underlying the convertible note payable and warrants on June 8, 2006. The registration statement has not been declared effective by the Securities and Exchange Commission, and the Company will incur liquidated damages until the registration statement is declared effective. The Company recorded liquidated damages of $97,100 and $287,700 for the three months and nine months ended June 30, 2006. The Company did not record liquidated damages for the three months and nine months ended June 30, 2005.

In December 2005, the Company executed a Note Purchase Agreement ("NPA #2") to provide for repayment of the advance by Burr Northrop that was used to pay the initial purchase price in the acquisition of Pacific Coast Testing. NPA #2 provides for funding of $100,000 pursuant to a convertible note payable, and the funding did not occur until January 2006. Accordingly, the transaction was recorded in January 2006. The note bears interest at 8% per year, is due December 30, 2007, and is convertible into 4.0 million shares of common stock. The Company issued warrants to purchase 4.0 million common shares to the note holder in December 2005. The value of the note proceeds were allocated to the beneficial conversion feature and the warrants, resulting in a discount equal to the face value of the note. The note discount is being amortized to interest expense beginning on the funding date. The shares underlying the convertible note and warrants have registration rights. The registration rights agreement for NPA #2 provides for liquidated damages equal to 36% of the note principal in the event that a registration statement to register the underlying shares is not declared effective. The Company filed a registration statement to register the shares underlying the convertible note payable and warrants on June 8, 2006. The registration statement has not been declared effective by the Securities and Exchange Commission, and the Company will incur liquidated damages until the registration statement is declared effective. The Company recorded liquidated damages of $18,000 for the three months and nine months ended June 30, 2006. The Company did not record liquidated damages for the three months and nine months ended June 30, 2005.

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In January 2006, the Company executed a Note Purchase Agreement ("NPA #3") to convert $236,680 of accrued liquidated damages on NPA #1 into a note payable. The note bears interest at 8%, is due January 26, 2008, and is convertible into approximately 9.5 million shares of common stock based on a conversion rate of one common share for every $.025 of note principal. The value of the note proceeds were allocated to the beneficial conversion feature, resulting in a discount equal to the face value of the note. The note discount is being amortized to interest expense beginning on the funding date. The shares underlying the convertible note have registration rights. The registration rights agreement for NPA #3 provides for liquidated damages equal to 36% of the note principal in the event that a registration statement to register the underlying shares is not declared effective. The Company filed a registration statement to register the shares underlying the convertible note payable on June 8, 2006. The registration statement has not been declared effective by the Securities and Exchange Commission, and the Company will incur liquidated damages until the registration statement is declared effective. The Company recorded liquidated damages of $42,600 for the three months and nine months ended June 30, 2006. The Company did not record liquidated damages for the three months and nine months ended June 30, 2005.

In April 2006, the Company executed a Note Purchase Agreement ("NPA #4) to convert $167,843 of accrued liquidated damages on NPA #1, NPA #2 and NPA #3 into a note payable. The note bears interest at 8%, is due April 20, 2008, and is convertible into approximately 6.7 million shares of common stock based on a conversion rate of one common share for every $.025 of note principal. The value

of the note proceeds were allocated to the beneficial conversion feature, resulting in a discount equal to the face value of the note. The note discount is being amortized to interest expense beginning on the funding date. The shares underlying the convertible note have registration rights. The registration rights agreement for NPA #4 provides for liquidated damages equal to 36% of the note principal in the event that a registration statement to register the underlying shares is not declared effective. The Company filed a registration statement to register the shares underlying the convertible note payable on June 8, 2006. The registration statement has not been declared effective by the Securities and Exchange Commission, and the Company will incur liquidated damages until the registration statement is declared effective. The Company recorded liquidated damages of $10,100 for the three months and nine months ended June 30, 2006. The Company did not record liquidated damages for the three months and nine months ended June 30, 2005.

The notes referenced above are secured by the Company's assets, and the Company would lose all of its assets in the event of a default under the terms on the note agreements.

Conversion of the convertible notes and exercise of the warrants issued pursuant to NPA #1, NPA #2, NPA #3 and NPA #4 are limited such that the note holder can not convert notes or exercise warrants that would result in beneficial ownership by the holder or its affiliates of more than 4.9% of the outstanding common shares on the conversion or exercise date.

NOTE 4 - SETTLEMENT AGREEMENT

In December 2005, the Company entered into a settlement agreement with a vendor to satisfy accounts payable totaling $163,000. Terms of the agreement provided for payment in cash of $35,000, and the issuance of 1,000,000 shares of common stock. The common shares issued were valued at $90,000, or $0.09 per share, which was the fair market value on the agreement date. The resulting gain on settlement totaling $38,000 was recorded as other income during the three months ended December 31, 2005.

NOTE 5 - COMMON STOCK

In December 2005, the Company entered into a settlement agreement with a vendor to satisfy accounts payable totaling $163,000. Terms of the agreement provided for payment in cash of $35,000, and the issuance of 1,000,000 shares of common stock. The common shares issued were valued at $90,000, or $0.09 per share, which was the fair market value of the common stock on the agreement date. The resulting gain on settlement totaling $38,000 was recorded as other income during the nine months ended June 30, 2006.

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In March 2006, the Company cancelled 1,500,000 shares previously issued to a former employee, and in April 2006, the Company issued 150,000 shares to replace the cancelled shares pursuant to an agreement between the Company and the former employee.

In April 2006, the Company issued 100,000 shares for public relations services covering the three months from March to May, 2006. The Company recorded compensation expense of $5,000 based on the closing market price of $0.05 on the date of issuance, April 4, 2006.

During the nine months ended June 30, 2006, the Company issued 4,225,015 shares that were previously subscribed. As of June 30, 2006, the Company has subscribed for the issuance of 3,500 shares of common stock for services rendered.

As of June 30, 2006, the Company has outstanding convertible notes that are

convertible into 62.7 million common shares and has outstanding warrants that are exercisable for 24.4 million common shares. Conversion of the convertible notes and exercise of the warrants for 19.9 million common shares are limited such that the note holder can not convert notes or exercise warrants that would result in beneficial ownership by the holder or its affiliates of more than 4.9% of the outstanding common shares on the conversion or exercise date.

The Company did not grant any stock options during the nine months ended June 30, 2006 or during the years ended September 30, 2005 or 2004.

NOTE 6 - DISCONTINUED OPERATIONS

In June 2006, the Company discontinued the operations of the Consumer Services division, which consisted primarily of installation of home consumer products for a major retailer. The employees of the Consumer Services division were laid-off in and the fixed assets used in the Consumer Services Division were transferred to the Company's other divisions. The net loss from discontinued operations for the three and nine months ended June 30, 2006 was $54,400 and $146,600, respectively. The net loss from discontinued operations for the three and nine months ended June 30, 2005 was $29,500 and $67,000, respectively.

NOTE 7 - SEGMENT INFORMATION

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. Beginning in October 2004, the Company operated in three segments: Construction Services; Maintenance Services, and Consumer Services. Beginning in December 2005, the Company added a new division called Testing Services. Beginning June 2006, the Company closed its Consumer Services division and merged the Testing Services division into the Maintenance Services division. The Company's Other segment includes primarily general and administrative expenses.

During the three months ended June 30, 2006, we recognized revenue of $155,000 from one customer in the Construction Services division, and $253,000 and $182,000 from two different customers in the Maintenance Services division. During the three months ended June 30, 2005, we recognized revenue of $335,000 from one customer in the Construction Services division, and $298,000 and $251,000 from two different customers in the Maintenance Services division.

During the nine months ended June 30, 2006, we recognized revenue of $1.1 million from one customer in the Construction Services division, and $737,000 and $664,000 from two different customers in the Maintenance Services division. During the nine months ended June 30, 2005, we recognized revenue of $546,000 from one customer in the Construction Services division, and $791,000 and $759,000 from two different customers in the Maintenance Services division.

While we consider our relationships with the customers to be satisfactory, given the concentration of our sales to a few key customers, our continued relationships may be subject to the policies and practices of the customers. We continue to concentrate our efforts on expanding our customer base in order to reduce our reliance on our current customers. Intersegment revenues are not material and are not shown in the following tables.

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The following table provides selected summary financial information data by

segment.

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	For the three months ended June 30, 2006			
	Construction	Maintenance	Other	Consolidated
Revenues	$ 346,229	$ 617,396	$ --	$ 963,625
Cost of sales	317,731	354,867	--	672,598
Gross profit	28,498	262,529	--	291,027
Operating expenses	95,268	201,545	167,931	464,744
Depreciation expense and goodwill impairment	2,388	36,348	9,676	48,412
Income (Loss) from operations	(69,158)	24,636	(177,607)	(222,129)
Interest expense and liquidated damages	--	--	392,561	392,561

	For the three months ended March 31, 2005			
	Construction	Maintenance	Other	Consolidated
Revenues	$ 1,161,103	$ 629,300	$ --	$ 1,790,403
Cost of sales	748,986	399,881	--	1,148,867
Gross profit	412,117	229,419	--	641,536
Operating expenses	82,388	114,285	297,532	494,205
Depreciation expense and goodwill impairment	--	--	11,434	11,434
Income (Loss) from operations	329,729	115,134	(308,966)	135,897
Interest expense and liquidated damages	--	--	155,096	155,096

	For the nine months ended June 30, 2006			
	Construction	Maintenance	Other	Consolidated
Revenues	$ 1,905,183	$ 1,817,120	$ --	$ 3,722,303
Cost of sales	1,416,280	1,049,625	--	2,465,905
Gross profit	488,903	767,495	--	1,256,398
Operating expenses	327,972	563,453	541,601	1,433,026
Depreciation expense and goodwill impairment	10,777	56,046	29,952	96,775
Income (Loss) from operations	150,154	147,996	(571,553)	(273,403)
Interest expense and liquidated damages	--	--	945,318	945,318
Additions to long-lived assets	--	99,431	1,037	100,468

	For the nine months ended June 30, 2005			
	Construction	Maintenance	Other	Consolidated
Revenues	$ 1,901,191	$ 1,943,395	$ --	$ 3,844,586
Cost of sales	1,089,273	1,253,844	--	2,343,117
Gross profit	811,918	689,551	--	1,501,469
Operating expenses	229,599	408,606	843,728	1,481,933
Depreciation expense and goodwill				

impairment	--	13,300	24,169	37,469
Income (Loss) from operations	582,319	267,645	(867,897)	(17,933)
Interest expense	--	--	461,356	461,356
Additions to long-lived assets	12,784	14,783	832	28,399

</TABLE>

NOTE 8: LEGAL PROCEEDINGS

The proceedings described below are in various stages. While the ultimate effect of the legal actions described below cannot be predicted with certainty, the Company expects that the proceedings against its subsidiaries will not result in liability to the Company due to the ongoing bankruptcy of CPI and AFFS.

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The Company does not expect the outcome of these matters to have a material effect on its financial condition or the results of its operations. The following lawsuits have been filed against the Company:

NK Heating & Air Conditioning filed complaint against the Company and its formerly owned subsidiary , CPI Development, Inc. in Los Angeles County Superior Court. The complaint alleges a breach of contract, and asks for damages of $98,000. The Company believes that it has meritorious defenses to the plaintiff's claims and intends to vigorously defend itself against the Plaintiff's claims.

Corona Service Park, et al filed complaint against the Company in the Central District of California of the United States District Court. The complaint alleges a breach of contract. The Company believes that it has meritorious defenses to the plaintiff's claims and intends to vigorously defend itself against the Plaintiff's claims.

The Company is also subject to other legal proceedings and claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse effect on its financial position, results of operations or liquidity

Other than described above, the Company is not engaged in any other litigation, and is unaware of any claims or complaints that could result in future litigation. The Company will seek to minimize disputes with its customers but recognize the inevitability of legal action in today's business environment as an unfortunate price of conducting business.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS.

FORWARD-LOOKING INFORMATION

Much of the discussion in this Item is "forward looking" as that term is used in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Actual operations and results may materially differ from present plans and projections due to changes in economic conditions, new business opportunities, changed business conditions, and other developments. Other factors that could cause results to differ materially are described in our filings with the Securities and Exchange Commission.

There are several factors that could cause actual results or events to differ materially from those anticipated, and include, but are not limited to general economic, financial and business conditions, changes in and compliance with governmental laws and regulations, including various state and federal environmental regulations, our ability to obtain additional financing from

outside investors and/or bank and mezzanine lenders and our ability to generate sufficient revenues to cover operating losses and position us to achieve positive cash flow.

Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof. We believe the information contained in this Form 10-QSB to be accurate as of the date hereof. Changes may occur after that date. We will not update that information except as required by law in the normal course of its public disclosure practices.

Additionally, the following discussion regarding our financial condition and results of operations should be read in conjunction with the financial statements and related notes contained in Item 1 of Part I of this Form 10-QSB, as well as the financial statements in Item 6 of Part II of our Form 10-KSB for the fiscal year ended September 30, 2005.

RESULTS OF OPERATIONS

CONTINUING OPERATIONS

Beginning in October 2004, the Company operated in three segments: Construction Services; Maintenance Services, and Consumer Services. Beginning in December 2005, the Company added a new division called Testing Services. Beginning June 2006, the Company closed its Consumer Services division and merged the Testing Services division into the Maintenance Services division. The Company's Other segment includes primarily general and administrative expenses.

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THREE MONTHS ENDED JUNE 30, 2006 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2005

<TABLE>
<CAPTION>

	For the three months ended June 30, 2006			
	Construction	Maintenance	Other	Consolidated
<S>	<C>	<C>	<C>	<C>
Revenues	$ 346,229	$ 617,396	$ --	$ 963,625
Cost of sales	317,731	354,867	--	672,598
Gross profit	28,498	262,529	--	291,027
Operating expenses	95,268	201,545	167,931	464,744
Depreciation expense and goodwill impairment	2,388	36,348	9,676	48,412
Income (Loss) from operations	(69,158)	24,636	(177,607)	(222,129)
Interest expense and liquidated damages	--	--	392,561	392,561

	For the three months ended March 31, 2005			
	Construction	Maintenance	Other	Consolidated
Revenues	$ 1,161,103	$ 629,300	$ --	$ 1,790,403
Cost of sales	748,986	399,881	--	1,148,867
Gross profit	412,117	229,419	--	641,536
Operating expenses	82,388	114,285	297,532	494,205
Depreciation expense and goodwill impairment	--	--	11,434	11,434
Income (Loss) from operations	329,729	115,134	(308,966)	135,897

Interest expense and liquidated damages	--	--	155,096	155,096

</TABLE>

Construction Services

Construction Services revenues decreased $(814,900), or 70.20% due to management's inability to secure and complete larger projects and to control cost. The failures can be attributed to inadequate operating capital to support large upfront costs, cyclical softening of the market, inadequate sales and marketing effort, and lack of bonding capacity. Gross margin percentage decreased to 8.2% from 35.5% because our efforts during the quarter focused primarily on two large contracts which underperformed.

Operating expenses as a percentage of revenue increased from 7.1% to 27.5% because of our lower revenue base in the current year quarter. On a gross dollar basis, operating expenses increased $12,900, or 15.6%. Bad debt expense increased $8,600, or 100%, during the current year quarter because we did not allocate bad debt expense to the divisions in the prior year quarter, which has no effect on consolidated operations. Employee related expenses decreased $10,100, or 19.2% during the current year quarter because we reduced our headcount by one project manager. Insurance expense increased $10,900, or 100%, during the current year quarter because we did not allocate insurance expense to the divisions in the prior year quarter, which has no effect on consolidated operations.

Overall, Construction Services incurred a loss from operations during the current year quarter of $69,200 compared to income from operations of $329,700 during the prior year quarter, a decrease of $398,900, or 121%, based on the factors discussed above.

Maintenance Services

Maintenance Services revenues decreased $11,900, or 1.9%. Revenues were consistent because we made a business decision to focus on higher quality customers and elimination of non-critical customers, which had the effect of lowering maintenance related revenues by $35,200; and we recorded testing services related revenue of $23,300, which we did not have in the prior year quarter and which helped offset the decrease in maintenance services revenue. Gross margin percentage increased to 42.5% from 36.5% primarily because we increased our labor efficiency. Labor related charges in cost of goods sold decreased $25,300, or 14.2%.

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Operating expenses as a percentage of revenue increased to 32.6% from 18.2%, or $45,600 in total. Bad debt expense increased $40,600, or 100%, during the current year quarter because we did not allocate bad debt expense to the divisions in the prior year quarter, which has no effect on consolidated operations. Insurance expense increased $13,000, or 100%, during the current year quarter because we did not allocate insurance expense to the divisions in the prior year quarter, which has no effect on consolidated operations. Employee related expenses increased $23,800, or 38.8%, due to salary increases and the addition of one employee.

We merged the Testing Services division with the Maintenance Services division during the current year quarter, and recorded a goodwill impairment charge during the current year quarter of $21,500, which was the amount of the goodwill recorded at acquisition.

Overall, Maintenance Services income from operations decreased $90,500, or

78.6%, based on the factors discussed above and cyclical softening of the market.

Other

Corporate overhead decreased from $297,500 to $167,900 or 43.6%. We allocated insurance costs to the divisions in the current year, resulting in a decrease in overhead costs of $39,700 during the current year quarter. The remainder of the decrease is primarily attributable to lower legal, accounting and consulting fees in the current year quarter. We incurred higher legal, accounting and consulting fees in the prior year quarter related to our restructuring and bankruptcy filings.

Interest expense increased to $225,000 from $155,000, or 44.9%. We have a higher debt base this quarter compared to the prior year quarter which attributes to the increase in interest expense. Interest expense also includes amortization of the note discounts discussed in Note 3.

We recorded liquidated damages of $168,000 during the current year period related to our failure to timely file a registration statement to register the shares underlying the convertible notes and warrants discussed in Note 3. No such charge was recorded in the prior year quarter.

Consolidated

On a consolidated basis, our revenues decreased $826,800, or 46.2%, our gross margin decreased $350,500, or 54.6%, our operating expenses decreased $29,500, or 6.0%; our liquidated damages expense increased $168,000, or 100%; and our interest expense increased $70,000, or 45.2%, all as discussed above on a segment basis. We recorded a net loss of $662,900 in the current quarter, compared to a net loss of $48,700 in the prior year quarter.

NINE MONTHS ENDED JUNE 30, 2006 COMPARED TO THE NINE MONTHS ENDED JUNE 30, 2005

<TABLE>
<CAPTION>

	For the nine months ended June 30, 2006			
	Construction	Maintenance	Other	Consolidated
<S>	<C>	<C>	<C>	<C>
Revenues	$ 1,905,183	$ 1,817,120	$ --	$ 3,722,303
Cost of sales	1,416,280	1,049,625	--	2,465,905
Gross profit	488,903	767,495	--	1,256,398
Operating expenses	327,972	563,453	541,601	1,433,026
Depreciation expense and goodwill impairment	10,777	56,046	29,952	96,775
Income (Loss) from operations	150,154	147,996	(571,553)	(273,403)
Interest expense and liquidated damages	--	--	945,318	945,318
Additions to long-lived assets	--	99,431	1,037	100,468

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	For the nine months ended June 30, 2005			
	Construction	Maintenance	Other	Consolidated

Revenues	$ 1,901,191	$ 1,943,395	$ --	$ 3,844,586
Cost of sales	1,089,273	1,253,844	--	2,343,117
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Income (Loss) from operations	582,319	267,645	(867,897)	(17,933)
Interest expense	--	--	461,356	461,356
Additions to long-lived assets	12,784	14,783	832	28,399

</TABLE>

Construction Services

Construction Services revenues increased $4,000, or less than 1% due to cyclical softening of the market, inadequate sales and marketing effort, and inadequate operating capital. Gross margin percentage decreased to 25.7% from 42.7% because our efforts during the third quarter of 2006 focused primarily on two large contracts on which underperformed.

Operating expenses as a percentage of revenue increased from 12.1% to 17.2%. On a gross dollar basis, operating expenses increased $98,400, or 42.8%. Employee related costs increased $39,600, or 27.8%, during the current year period because our un-billable labor increased during the current period. Insurance expense increased $32,400, or 100%, during the current year period because we did not allocate insurance expense to the divisions in the prior year period, which has no effect on consolidated operations. Facility related costs increased $12,600, or 72.5% during the current year period because we rented additional storage space for vehicles, equipment and tools. Bad debt expense increased $4,200, or 100%, during the current year period because we did not allocate bad debt expense to the divisions in the prior year period, which has no effect on consolidated operations.

Overall, Construction Services income from operations decreased by $432,200, or 74.2%, because of these factors.

Maintenance Services

Maintenance Services revenues decreased $126,300, or 6.5%. We made a business decision to focus on higher quality customers and to eliminate of non-critical customers, which reduced maintenance related revenues by $242,500. This decrease was offset by testing related revenues of $116,200 which we did not have in the prior year period. Gross margin percentage increased to 42.2% from 35.5% because we increased our labor efficiency. Labor related charges in cost of goods sold decreased $188,300, or 29.2%.

Operating expenses as a percentage of revenue increased to 31.0% from 21.0%, or $154,800 in total. Employee related expenses increased $53,300, or 23.6%, due to salary increases and the addition of one employee. Bad debt expense increased $43,400, or 100%, during the current year period because we did not allocate bad debt expense to the divisions in the prior year quarter, which has no effect on consolidated operations. Insurance expense increased $39,000, or 100%, during the current year period because we did not allocate insurance expense to the divisions in the prior year period, which has no effect on consolidated operations.

We merged the Testing Services division with the Maintenance Services division during the current year period, and recorded a goodwill impairment charge during the current year period of $21,500, which was the amount of the goodwill recorded at acquisition.

Other

Corporate overhead decreased to $541,600 from $843,700, or 35.8%. We allocated insurance costs to the divisions in the current year, resulting in a decrease in overhead costs of $104,100 during the current year period. The remainder of the decrease is primarily attributable to lower legal, accounting and consulting fees in the current year period. We incurred higher legal, accounting and consulting fees in the prior year period related to our restructuring and bankruptcy filings.

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Interest expense increased to $587,000 from $461,000, or 27.2%. We have a higher debt base during the current year period compared to the prior year period which attributes to the increase in interest expense. Interest expense also includes amortization of the note discounts discussed in Note 3.

We recorded liquidated damages of $358,000 during the current year period related to our failure to timely file a registration statement to register the shares underlying the convertible notes and warrants discussed in Note 3. No such charge was recorded in the prior year period.

Consolidated

On a consolidated basis, our revenues decreased $122,200, or 3.2%; our gross margin decreased $245,100, or 16.3%; our operating expenses decreased $48,900, or 3.3%; liquidated damages increased $358,00, or 100%; and our interest expense increased $126,000, or 27.2%, all as discussed above on a segment basis. Our net loss increased to $1.3 million from $546,000 based on the factors discussed above.

DISCONTINUED OPERATIONS

In June 2006, we discontinued the operations of the Consumer Services division, which consisted primarily of installation of home consumer products for a major retailer. The employees of the Consumer Services division were laid-off in and the fixed assets used in the Consumer Services Division were transferred to the Company's other divisions. The net loss from discontinued operations for the three and nine months ended June 30, 2006 was $54,400 and $146,600, respectively. The net loss from discontinued operations for the three and nine months ended June 30, 2005 was $29,500 and $67,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended June 30, 2006 and during the year ended September 30, 2005, we incurred net losses of $1.3 million and $1.2 million, respectively. During the nine months ended June 30, 2006, our continuing operations provided $19,700 of cash; however, for the year ended September 30, 2005, we used $588,000 of cash for our operating activities. During the nine months ended June 30, 2006, we purchased property and equipment totaling $81,100 for our continuing operations; Burr Northrop, our President, advanced us $75,000, which we repaid; and we issued an 8% convertible note payable for $100,000.

At June 30, 2006, we have negative working capital of $1.9 million, and we have outstanding obligations to Barron Partners of an aggregate of $1.1 million that is due September 30, 2006. We filed a registration statement to register the shares underlying the convertible notes payable on June 2, 2006, and will continue to incur liquidated damages at the rate of 36% per year on the outstanding balance of the notes payable until such registration statement is effective.

In order to execute our business plan, we will need to acquire additional debt

or equity financing. Our independent certified public accountants have stated in their report, included in our Form 10-KSB for the year ended September 30, 2005, and in Note 1 of this Form 10-QSB that due to our net loss and negative cash flows from operations, in addition to a lack of operational history, there is a substantial doubt about our ability to continue as a going concern. In the absence of significant revenue and profits, we will be completely dependent on additional debt and equity financing arrangements. There is no assurance that any financing will be sufficient to fund our capital expenditures, working capital and other cash requirements for the fiscal year ending September 30, 2006. No assurance can be given that any such additional funding will be available or that, if available, can be obtained on terms favorable to us. If we are unable to raise needed funds on acceptable terms, we will not be able to execute our business plan, develop or enhance existing services, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as further reducing our level of operations, disposing of selected assets or seeking an acquisition partner. If cash is insufficient, we will not be able to continue operations.

ACCOUNTING POLICIES INVOLVING MANAGEMENT ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of

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certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Our senior management has discussed the development and selection of the critical accounting estimates, and related disclosures, with the Audit Committee of our Board of Directors.

Financial Reporting Release No. 60, which was released by the Securities and Exchange Commission, or SEC, in December 2001, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. The Notes to Consolidated Financial Statements included in our Annual Report on Form 10-KSB for the year ended September 30, 2005 includes a summary of our significant accounting policies and methods used in the preparation of our financial statements. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Our critical accounting policies are as follows:

REVENUE RECOGNITION The Company recognizes revenues from fixed-price and modified fixed-price construction contracts on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognized in the period in which the revisions are determined. Changes in estimated job profitability resulting from job performance, job conditions, contract penalty provisions, claims, change orders, and settlements, are accounted for as changes in estimates in the current period.

The Company recognizes revenue from repair and installation services, in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured.

The SEC's Staff Accounting Bulletin, or SAB, No. 104, Revenue Recognition, provides guidance on the application of generally accepted accounting principles to selected revenue recognition issues. We believe that our revenue recognition policy is appropriate and in accordance with generally accepted accounting principles and SAB No. 104.

ALLOWANCE FOR DOUBTFUL ACCOUNTS We also maintain an allowance for doubtful accounts for potential uncollectible accounts receivable arising from our customers' inability to make required payments. Our estimate is determined by analyzing historical bad debts, customer payment history and patterns, customer creditworthiness, and economic, political or regulatory factors affecting the customer's ability to make the required payments.

ITEM 3. CONTROLS AND PROCEDURES.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure and Controls and Procedures. As of the end of the period covered by this Quarterly Report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Exchange Act). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

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Changes in Internal Controls Over Financial Reporting. There have not been any changes in the our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The proceedings described below are in various stages. While the ultimate effect of the legal actions described below cannot be predicted with certainty, we expect that the proceedings against our subsidiaries will not result in liability to us due to the ongoing bankruptcy of CPI and AFFS.

We do not expect the outcome of these matters to have a material effect on our

financial condition or the results of our operations. The following lawsuits have been filed against us:

NK Heating & Air Conditioning filed complaint against the Company and its formerly owned subsidiary , CPI Development, Inc. in Los Angeles County Superior Court. The complaint alleges a breach of contract, and asks for damages of $98,000. The Company believes that it has meritorious defenses to the plaintiff's claims and intends to vigorously defend itself against the Plaintiff's claims.

Corona Service Park, et al filed complaint against the Company in the Central District of California of the United States District Court. The complaint alleges a breach of contract. The Company believes that it has meritorious defenses to the plaintiff's claims and intends to vigorously defend itself against the Plaintiff's claims.

The Company is also subject to other legal proceedings and claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse effect on its financial position, results of operations or liquidity

Other than described above, we are not engaged in any other litigation, and are unaware of any claims or complaints that could result in future litigation. We will seek to minimize disputes with our customers but recognize the inevitability of legal action in today's business environment as an unfortunate price of conducting business.

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

In December 2005, the Company entered into a settlement agreement with a vendor to satisfy accounts payable totaling $163,000. Terms of the agreement provided for payment in cash of $35,000, and the issuance of 1,000,000 shares of common stock. The common shares issued were valued at $90,000, or $0.09 per share, which was the fair market value of the common stock on the agreement date. The resulting gain on settlement totaling $38,000 was recorded as other income during the nine months ended June 30, 2006.

In December 2005, the Company entered into settlement agreement with a law firm in which the Company issued 225,000 shares of common stock. The services were performed during the year ended September 30, 2005, legal expense of $36,000 ($.016 per share) was recorded during the year ended September 30, 2005 based on the fair market value of the common stock, and the shares were subscribed for issuance as of September 30, 2005.

As of June 30, 2006, the Company has subscribed for the issuance of 3,500 shares of common stock for services rendered.

As of June 30, 2006, the Company sold units consisting of convertible notes that are convertible into 62.7 million common shares and warrants that are exercisable for 19.9 million common shares. Conversion of the convertible notes and exercise of the warrants are limited such that the note holder can not convert notes or exercise warrants that would result in beneficial ownership by the holder or its affiliates of more than 4.9% of the outstanding common shares on the conversion or exercise date.

The offer and sale of such shares of our common stock were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act of 1933, as amended (the "Securities Act") and in Section 4(2) and Section 4(6) of the Securities

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Act and/or Rule 506 of Regulation D, based on the following: (a) the investors

confirmed to us that they were "accredited investors," as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were "restricted securities" for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act. All of the investors took their securities for investment purposes without a view to distribution and had access to information concerning the Company and our business prospects, as required by the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

1.1**	Investment Banking Agreement with Windstone Capital Partners dated October 24, 2003
2.1**	Plan and Agreement of Triangular Merger Between Environmental Technologies, Inc., Parr Sub One, Inc. and Christie-Peterson Development dated December 29, 2003
2.2**	Agreement of Merger between Christie-Petersen Development and Parr Sub One, Inc. filed December 30, 2003
2.3**	Plan and Agreement of Triangular Merger Between Environmental Technologies, Inc., Parr Sub Two, Inc. and Advanced Fuel Filtration Systems, Inc. dated December 29, 2003
2.4**	Agreement of Merger between Advanced Fuel Filtration, Inc. and Parr Sub Two, Inc. filed December 30, 2003
2.5**	Plan and Agreement of Triangular Merger Between Environmental Technologies, Inc., Parr Sub Three, Inc. and H.B. Covey, Inc. dated December 29, 2003
2.6**	Agreement of Merger between H.B. Covey, Inc. and Parr Sub Three, Inc. filed December 30, 2003
3.1.1**	Articles of Incorporation of Cyber Public Relations, Inc., filed June 18, 1998
3.1.2**	Amended and Restated Articles of Incorporation of Cyber Public Relations, Inc., changing the name of the corporation to Entech Environmental Technologies, Inc., filed March 22, 2004
3.1.3**	Articles of Incorporation of Point 2 Point Services, Inc., filed April 5, 2001
3.1.4**	Certificate of Amendment to Articles of Incorporation of Point 2 Point Services, Inc., changing the name of the corporation to Parr Development, Inc., filed December 31, 2002
3.1.5**	Amended and Restated Articles of Incorporation of Parr Development, Inc., changing the name of the corporation to Environmental Technologies, Inc., filed November 25, 2003
3.1.6**	Articles of Incorporation of Parr Sub One, Inc. filed December 19, 2003
3.1.7**	Articles of Incorporation of Parr Sub Two, Inc. filed December 19,

2003

3.1.8** Articles of Incorporation of Parr Sub Three, Inc. filed December 19, 2003

3.1.9** Articles of Incorporation of Christie-Petersen Development filed September 15, 1995

3.1.10** Articles of Incorporation of YLD/Clean Fuels, Inc. filed September 18, 1995

3.1.11** Certificate of Amendment of Articles of Incorporation of YLD/Clean Fuels, Inc., changing the name of the corporation to Advanced Fuel Filtration, Inc., filed September 27, 1997

3.1.12** Articles of Incorporation of H.B. Covey, Inc., filed March 19, 1971

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3.2.1** Bylaws of Cyber Public Relations, Inc., adopted July 5, 1998

3.2.2** Amended Bylaws of Cyber Public Relations, Inc. adopted February 16, 2004

3.2.3** Amended and Restated Bylaws of Entech Environmental Technologies, Inc., adopted April 28, 2004

3.2.4** Bylaws of Point 2 Point Services, Inc

3.2.5** Bylaws of Parr Sub One, Inc. , adopted December 29, 2003

3.2.6** Bylaws of Parr Sub Two, Inc., adopted December 29, 2003

3.2.7** Bylaws of Parr Sub Three, Inc., adopted December 29, 2003

3.2.8** Bylaws of Christie-Petersen Development, adopted September 22, 1995

3.2.9** Bylaws of YLD/Clean Fuels, Inc. dated October 6, 1995

3.2.10** Bylaws of Entech Environmental Technologies, Inc. adopted February 4, 2004

3.2.11** Restated Bylaws of H.B. Covey, Inc. adopted April 1, 1999

3.3.1** Charter of the Audit Committee of the Board of Directors of Cyber Public Relations, Inc., adopted January 29, 2004

3.3.2** Charter of the Compensation Committee of the Board of Directors of Cyber Public Relations, Inc., adopted January 29, 2004

4.1** Registration Rights Agreement with Barron Partners, LP regarding registration of shares, dated January 23, 2004

4.2** Registration Rights Agreement with Wood Capital Associates, regarding registration of shares, dated January 23, 2004

4.3** Registration Rights Agreement with Patricia L. Fiorese, regarding registration of shares, dated January 23, 2004

4.4** Registration Rights Agreement with Vance Luedtke, regarding registration of shares, dated January 23, 2004

4.5** Registration Rights Agreement with Diane C. Burge, regarding registration of shares, dated January 23, 2004

4.6** Registration Rights Agreement with Clayton Chase, regarding registration of shares, dated January 23, 2004

4.7** Registration Rights Agreement with James W. Moldermaker, regarding registration of shares, dated January 23, 2004

4.8** Registration Rights Agreement with J. Kevin Wood, regarding registration of shares, dated January 23, 2004

4.9** Registration Rights Agreement with Thomas Sheridan, regarding registration of shares, dated January 23, 2004

4.10** Registration Rights Agreement with San Diego Torrey Hills Capital, regarding registration of shares, dated January 23, 2004

4.11** Registration Rights Agreement with Norman E. Clarke, regarding registration of shares, dated January 23, 2004

4.12** Registration Rights Agreement with Steven R. Green, regarding registration of shares, dated January 23, 2004

10.1** Robert K. Christie Employment Agreement, dated December 15, 2003

10.2** Steven D. Rosenthal Employment Agreement, dated December 15, 2003

10.3** Douglas L. Parker Employment Agreement, dated December 15, 2003

10.4** James R. Christ Employment Agreement, dated December 31, 2003

10.5** Stock Pledge Agreement between Robert K. Christie and Environmental Technologies, Inc. dated December 29, 2003

10.6** Stock Purchase Escrow Agreement between Barron Partners, LP, Cyber Public Relations, Inc. and Harbour, Smith, Harris &Merritt, P.C.

dated January 21, 2004

10.7**	Capital Stock Exchange Agreement between the Registrant and the Stockholders of Environmental Technologies, Inc., dated January 21, 2004
10.8**	Stock Purchase Agreement between Environmental Technologies, Inc. and Barron Partners, LP dated January 14, 2004
10.9**	Amendment to Stock Purchase Agreement between Environmental Technologies, Inc. and Barron Partners, LP dated January 21, 2004
10.10**	Lease Agreement, effective October 1, 1999
10.11**	Lease Agreement, effective September 1, 2001
10.12**	Lease Agreement, effective November 15, 2002
10.13**	Amendment No. 2 to Lease, effective July 31, 2003
10.14**	First Amendment to Lease, effective September 3, 2003
10.15**	Cyber Public Relations, Inc. A Warrant for the Purchase of Common Stock
10.16**	Cyber Public Relations, Inc. B Warrant for the Purchase of Common Stock
10.17**	Cyber Public Relations, Inc. C Warrant for the Purchase of Common Stock
10.18**	Cyber Public Relations, Inc. D Warrant for the Purchase of Common Stock
10.19**	Cyber Public Relations, Inc. E Warrant for the Purchase of Common Stock
10.20**	Cyber Public Relations, Inc. Warrant for the Purchase of Common Stock, Wood Capital Associates

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10.21**	Cyber Public Relations, Inc. Warrant for the Purchase of Common Stock, Patricia L. Fiorese
10.22**	Cyber Public Relations, Inc. Warrant for the Purchase of Common Stock, Vance Luedtke
10.23**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Diane C. Burge
10.24**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Clayton Chase
10.25**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, James W. Moldermaker
10.26**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, J. Kevin Wood
10.27**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Thomas Sheridan
10.28**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, San Diego Torrey Hills Capital
10.29**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Norman E. Clarke
10.30**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Steven R. Green
10.31**	Settlement Agreement with Norman T. Reynolds, Esq., dated September 23, 2004
10.32**	Settlement Agreement with Stonegate Securities, dated September 21, 2004
10.33**	Settlement Agreement with Russell Bedford Stefanou Mirchandani LLP, dated September 21, 2004
10.34**	Settlement Agreement with Birch Advisors Ltd. dated September 30, 2004
10.35**	Settlement Agreement with Gerald Foster dated September 30, 2004
10.36**	Secured Convertible Note between Entech Environmental Technologies, Inc. and Barron Partners, L.P. dated September 30, 2004
10.37**	Cyber Public Relations, Inc. Warrant for the Purchase of Common Stock, Barron Partners, L.P.
10.38**	Note Purchase Agreement between Environmental Technologies, Inc. and Barron Partners, LP dated September 30, 2004
10.39**	Registration Rights Agreement with Barron Partners, LP regarding

	registration of shares, dated September 30, 2004
10.40**	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock for Barron Partners, LP
10.41**	Escrow Agreement between Entech Environmental Technologies, Inc., Robert K. Christie and Norman T. Reynolds dated September 29, 2004
10.42**	Warrant Cancellation from Barron Partners, L. P. dated September 30, 2004
10.43**	Settlement Agreement with San Diego Torrey Hills Capital, Inc. dated September 1, 2004
10.44**	Settlement Agreement with Donald G. St. Clair, CPA dated September 30, 2004
10.45**	Termination of Investment Banking Agreement dated September 1, 2004
10.46*	Note Purchase Agreement between Environmental Technologies, Inc. and Barron Partners, LP dated December 30, 2005.
10.47*	Registration Rights Agreement with Barron Partners, LP regarding registration of shares, dated December 30, 2005.
10.48*	Secured Convertible Note between Entech Environmental Technologies, Inc. and Barron Partners, L.P. dated December 30, 2005.
10.49*	Entech Environmental Technologies, Inc. Warrant for the Purchase of Common Stock, Barron Partners, LP.
31.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Sec.1350, as adopted pursuant toSec.302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Sec.1350, as adopted pursuant to Sec.302 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Sec.1350, as adopted pursuant to .906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Sec.1350, as adopted pursuant to .906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith.
** Previously Filed

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENTECH ENVIRONMENTAL TECHNOLOGIES, INC.

Signature	Title	Date
/s/ Burr D Northrop	Chief Executive Officer	September 14, 2006
Burr D. Northrop	Chief Financial Officer	

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