DAUPHIN TECHNOLOGY INC
Form 10-Q
June 30, 2006

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

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2005

OR

----- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ____________ to ____________.

Commission File No. 33-21537-D

DAUPHIN TECHNOLOGY, INC.
(Exact name of registrant as specified in charter)

Illinois	87-0455038
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1014 E. Algonquin Rd., Suite 111, Schaumburg, Illinois	60067
(Address of principal executive offices)	(Zip Code)

(847) 303-6566
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ----- No X -----

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDING DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ----- No -----

APPLICABLE ONLY TO CORPORATE ISSUERS

As of June 30, 2006, the number of shares of the Registrant's Common Stock,

$.001 par value, is 99,569,028 issued and outstanding.

Dauphin Technology, Inc.
(A Development Stage Company)

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Dauphin Technology, Inc.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
September 30, 2005 and December 31, 2004

ASSETS

	September 30, 2005	December 31, 2004
		(Unaudited)
CURRENT ASSETS:		
Cash	$ 35,259	$ 7,829
Prepaid expenses	-	2,500
Assets from discontinued operations	-	8,832
Total assets	$ 35,259	$ 19,161

LIABILITIES AND SHAREHOLDERS' DEFICIT

	September 30, 2005	December 31, 2004
CURRENT LIABILITIES		
Accounts payable	$ 185,861	$ 68,602
Accrued expenses	320,738	323,838
Short-term borrowings	76,610	200,000
Current portion of long-term debt	13,515	13,515
Derivative liability	1,028,494	760,565
Convertible debentures	950,000	950,000
Liabilities from discontinued operations	-	243,748
Total current liabilities	2,575,218	2,560,268
CONVERTIBLE LOANS	2,723,078	2,405,078
Total liabilities	$ 5,298,296	$ 4,965,346
COMMITMENTS AND CONTINGENCIES	-	-
SHAREHOLDERS' DEFICIT:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, issued and outstanding at June 30, 2005	100,000	-
Common stock, $0.001 par value, 100,000,000 shares authorized; 99,251,688 shares issued and outstanding at September 30, 2005 and 98,501,688 shares issued and outstanding at December 31, 2004	99,252	98,502
Additional paid-in capital	65,567,942	65,081,192

Accumulated deficit	(71,030,231)	(70,125,879)
Total shareholders' deficit	(5,263,037)	(4,946,185)
Total liabilities and shareholders' deficit	$ 35,259	$ 19,161

The accompanying notes are an integral part of these consolidated financial statements.

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Dauphin Technology, Inc.
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended September 30, 2005 and 2004, the nine months ended September 30, 2005 and 2004 and cumulative amounts since January 1, 2004
(Commencement of development stage)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2005	2004	2005	2004	
NET SALES	$ -	$ -	$ -	$ -	$
COST OF SALES	-	-	-	-	
Gross profit	-	-	-	-	
GENERAL AND ADMINISTRATIVE EXPENSES	204,842	512,748	591,423	1,334,247	
Loss from operations	(204,842)	(512,748)	(591,423)	(1,334,247)	
Derivative (loss) gain	(41,853)	40,615	(267,929)	335,867	
INTEREST EXPENSE	(15,000)	(91,939)	(45,000)	(302,698)	
Loss from continuing operations before income taxes and discontinued operations	(261,695)	(564,072)	(904,352)	(1,301,078)	
INCOME TAXES	-	-	-	-	
Net loss from continuing operations	(261,695)	(564,072)	(904,352)	(1,301,078)	
DISCONTINUED OPERATIONS					

Loss from discontinued operations	-	(46,314)	-	(220,262)
Net loss	$ (261,695)	$ (610,386)	$ (904,352)	$ (1,521,340)
LOSS PER SHARE:				
Continuing Operations	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Discontinued Operations	(0.00)	(0.00)	(0.00)	(0.00)
Total Basic and Diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of shares of common stock outstanding				
Basic	99,252,000	98,502,000	99,168,000	96,225,000
Diluted	99,252,000	98,502,000	99,168,000	96,225,000

The accompanying notes are an integral part of these consolidated financial statements.

Dauphin Technology, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended September 30, 2005 and 2004
(Unaudited)

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Cumulative Amounts Since January 1, 2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss gain	$ (904,352)	$(1,521,340)	$(3,112,158)
Non-cash items included in net loss:			
Amortization of debt discount	-	145,635	269,588
Convertible loans issued in lieu of consulting fees	-	330,000	1,161,500
Common stock issued in lieu of convertible loans	37,500	-	37,500
Common stock issued for consulting fees	-	435,000	435,000
Changes in:			
Accounts receivable	-	(26,171)	3,248
Assets of discontinued operations	8,832	23,179	166,123
Prepaid expenses	2,500	-	2,500
Accounts payable	117,259	(86,642)	52,772
Accrued expenses	(3,100)	(130,832)	(47,603)
Liabilities from discontinued operations	(243,748)	(1,062,314)	(1,188,240)

Net cash used in operating activities	(985,109)	(1,893,519)	(2,219,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of restricted shares	-	323,000	323,000
Proceeds from issuance of preferred stock	550,000	-	550,000
Derivative liability	267,929	(335,866)	43,515
Issuance of convertible loans	318,000	2,109,964	1,561,578
Repayment of convertible debentures	-	-	(100,000)
Payments on short-term borrowings	(200,000)	(200,000)	(200,000)
Increase in short-term borrowing	76,610	-	76,610
Net cash provided by financing activities	1,012,539	1,897,098	2,254,703
Net increase in cash	27,430	3,579	34,933
CASH BEGINNING OF PERIOD	7,829	326	326
CASH END OF PERIOD	$ 35,259	$ 3,905	$ 35,259
Cash Paid During The Period FOR:			
Interest	$ -	$ 1,258	$ 18,262
NONCASH TRANSACTIONS:			
Common stock issued in connection with:			
Services	$ 37,500	$ -	$ 37,500

The accompanying notes are an integral part of these consolidated financial statements

Dauphin Technology, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

The accompanying financial statements are unaudited, but in the opinion of the management of the Company, contain all adjustments, consisting of only normal recurring accruals, necessary to present fairly the financial position at September 30, 2005, the results of operations for the three months and nine months ended September 30, 2005 and 2004, and the cash flows for the nine months ended September 30, 2005 and 2004 and cumulative amounts since January 1, 2004 (date of commencement of development stage).

Reference is made to the Company's Form 10-K for the year ended December 31, 2004. The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2005.

Effective January 1, 2004, the Company is considered a development stage company as defined in SFAS No. 7. The Company's development stage activities consist of evaluating potential merger candidates and raising additional financing.

2. Related Party Transactions

None

3. Stock-Based Compensation

For stock options granted to employees prior to January 1, 2005, the Company utilized the footnote disclosure provisions of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 encourages entities to adopt a fair-value based method of accounting for stock options or similar equity instruments. However, it also allows an entity to continue measuring compensation cost for stock-based compensation using the intrinsic-value method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. The Company elected to continue to apply the provisions of APB 25 and provide pro forma footnote disclosures required by SFAS No. 123 as applicable. Accordingly, no compensation cost has been recognized in the consolidated financial statements for stock options granted to employees. There have been no stock options granted during the third quarter of 2005 or 2004, nor since January 1, 2004.

4. Weighted Average Shares

The computation of basic income (loss) per common share is based on the weighted average number of shares outstanding during each period.

The computation of diluted income (loss) per common share is based on the weighted average number of common shares outstanding during the period, plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding, using the treasury stock method and the average market price per share during the period. Options to purchase 20,000 shares and 626,666 shares at September 30, 2005 and 2004, respectively, at prices between $.12 and $2.75 and warrants to purchase 1,704,999 shares, 2,001,671 shares at June 30, 2005 and 2004, respectively, at prices between $.10 and $1.31 were outstanding but were excluded for the calculations for diluted income (loss) per share as the effect was antidilutive.

5. Supplemental Cash Flow Information

Interest in the amount of $18,262 has been paid during the period from January 1, 2004 to September 30, 2005. No amounts have been paid for income taxes during the same period.

6. Liquidity

The Company is a development stage company and does not have revenues from operations. In addition, the Company has a deficit in working capital and stockholder's equity, and has incurred sustained losses.

The Company has funded losses from operations in the current quarter primarily from the issuance of debt and the sale of the Company's restricted common stock in private placement transactions, and will require additional funding from these sources to sustain its future operations. The Company anticipates that the issuance of debt will continue to fund operating losses in the short-term; however, there can be no assurance that it will be successful in doing so.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(Unaudited)

7. Definitive Merger Agreement with GeoVax

On January 20, 2006, Dauphin entered into a Definitive Agreement and Plan of Merger (the "Merger") whereby the Company's wholly owned subsidiary, GeoVax Acquisition Corp., would merge with and into GeoVax. Upon completion of the Merger, GeoVax would survive the Merger as a wholly owned subsidiary of Dauphin. GeoVax, Inc., a Georgia biotechnology company, was established to develop, license and commercialize the manufacture and sale of human vaccines for diseases caused by HIV-1 (Human Immunodeficiency Virus) and other infectious agents. The Merger shall become effective upon, among other things, an affirmative vote of approval from each companies' shareholders. If the Merger is completed, there is no assurance that the surviving company will be economically successful.

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

Forward-looking statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than historical or current facts, including, without limitation, statements about our business strategy, plans and objectives of management and our future prospects, are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from these expectations. Such risks and uncertainties include, without limitation, the following:

* financing of future operations, variations in our quarterly results, the occurrence of unanticipated events and circumstances and general economic conditions, including stock market volatility, results of future operations, challenges in establishing and/or managing joint ventures;

These risks and uncertainties are beyond our control and, in many cases; we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. When used in this document, the words "assumptions," "believes," "plans," "expects," "anticipates," "intends," "continue," "may," "will," "could," "should," "future," "potential," "estimate," or the negative of such terms and similar expressions as they relate to us or our management are intended to identify forward-looking statements. We undertake no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and notes thereto included in Item 1 of this Quarterly Report and the condensed consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Forms 10-K for the periods ending December 31, 2004 and 2005. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

Critical accounting policies

Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments that mature three months or less from when they are purchased. The carrying amount approximates the fair value due to short maturity of these investments.

Income Taxes

Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been included in the financial statements and tax returns. Deferred tax liabilities and assets are determined based on the difference between the financial statement basis and tax basis of assets and liabilities (excluding non-deductible goodwill) and using enacted tax rates in effect for the years in which the differences are expected to become recoverable or payable.

(Loss) Per Common Share

Basic loss per common share is calculated by dividing net loss for the year by the weighted-average number of shares outstanding during the period, which were 99,168,000 and 96,225,000 for the periods ending September 30, 2005 and 2004 respectively. Diluted loss per common share is adjusted for the assumed exercise of stock options and warrants unless such adjustment would have an anti-dilutive effect

Use of Estimates

The presentation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions.

These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of the derivative liability.

Fair Value of Financial Instruments

The Company financial instruments consist of cash, payables, and notes payable. The carrying amount of cash and payables approximates fair value because of the short-term nature of these items. The aggregate carrying amount of notes payable approximates fair value as the individual notes bear interest at market interest rates.

Strategic Direction

In November 2003, Dauphin's Board of Directors, as then constituted, considered and approved a plan to discontinue all operations effective January 1, 2004, and to seek out potential merger and or acquisition candidates. As a result the Company is considered a development stage business since January 1, 2004 for financial reporting purposes.

On January 20, 2006, Dauphin signed a definitive Agreement and Plan of Merger (the "Merger") whereby the Company's wholly owned subsidiary, GeoVax Acquisition Corp., would merge with and into GeoVax. Upon completion of the Merger, GeoVax would survive the Merger as a wholly owned subsidiary of Dauphin. GeoVax, Inc., a Georgia biotechnology company, was established to develop, license and commercialize the manufacture and sale of human vaccines for diseases caused by HIV-1 (Human Immunodeficiency Virus) and other infectious agents. The Merger shall become effective upon, among other things, an affirmative vote of approval from each companies' shareholders. If the Merger is completed, there is no assurance that the surviving company will be economically successful.

Results of Operations

The Company was unsuccessful in its previous operations and terminated those operations in December 2003. We were unsuccessful in generating income from or positive cash flow from any of our operations. Currently, the Company is working on the proposed transaction with GeoVax as described above. The loss of $904,352 for the nine months ended September 30, 2005 is the result of employee wages, legal and professional fees, and a loss pertaining to the derivative. The loss of $1,521,340 for the nine months ended September 30, 2004 is a result of employee wages, professional fees and interest expense offset by a gain associated with the derivative instrument. We anticipate that our general and administrative expenses going forward will be approximately $90,000 per month.

Liquidity and Capital Resources

The Company has incurred a net operating loss in each year since its founding and as of September 30, 2005, has an accumulated deficit of $71,030,231. The Company expects to incur operating losses over the near term.

As of September 30, 2005, the Company had current liabilities in excess of current assets of approximately $2,540,000.

The Company has funded losses from operations in the current year primarily from the issuance of debt and the sale of the Company's restricted common stock in private placement transactions, and will require additional funding from these sources to sustain its future operations. The Company anticipates that the issuance of debt and the sale of the Company's restricted common stock will continue to fund operating losses in the short-term. There is no assurance that the Company will be successful in raising the needed amounts of capital and debt needed to sustain the Company.

When used in this Form 10-Q, the words "expects," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties, including those set forth under the "Risks and Uncertainties" set forth below that could cause actual results to differ materially from those projected. These forward-looking statements speak only as of the date hereof. Dauphin expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. This discussion should be read together with the financial statements and other financial information included in this Form 10-Q.

We are a development stage company as defined in SFAS No. 7 effective January 1, 2004. The Company's development stage activities consist of evaluating potential merger candidates and raising additional financing.

Risks and Uncertainties

Readers should carefully consider the risks described below in evaluating the Company's business. The following risks and uncertainties are not the only risks and uncertainties facing the Company.

We have an accumulated deficit due to substantial losses incurred over the last nine years

Since July 1996 we have operated with substantial losses from operations and have an accumulated deficit of $71,030,231 as of September 30, 2005. The Company expects to incur operating losses over the near term. The Company's ability to achieve profitability will depend on many factors including the Company's ability to procure and market commercially acceptable products. There can be no assurance that the Company will ever achieve a profitable level of operations or if profitability is achieved, that it can be sustained. Our financial performance may make it difficult for potential sources of capital to evaluate the viability of our business to date and to assess its future viability.

We currently have no operations.

The Company was unsuccessful in its operations and terminated those operations in December 2003. Our previous business operations were limited and did not result in (i) significant revenues, (ii) the accumulation of a significant dollar amount of assets, or (iii) in earnings. Because of a lack of resources, we were unable to fund the costs of complying with our filing requirements under Section 13 of the Securities Exchange Act of 1934, as amended. In November 2003, Dauphin's Board of Directors, as then constituted, considered and approved a plan to discontinue all operations effective January 1, 2004, and to seek out potential merger and or acquisition candidates.

The Company's ability to continue as a going concern is questionable

Because of recurring operating losses, the excess of current liabilities over current assets, the stockholders' deficit, and negative cash flows from operations, there is substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on attaining profitable operations, restructuring its debt obligations, and obtaining additional outside financing. The Company has funded losses from operations in the current year primarily from the issuance of debt and the sale of the Company's restricted common stock in private placement transactions, and will require additional funding from these sources to sustain its future operations. The Company anticipates that the issuance of debt and the sale of the Company's restricted common stock will continue to fund operating losses in the short-term but there is no assurance that the Company will be successful in obtaining additional capital or financial resources.

Planned transaction with GeoVax may not be completed

On January 20, 2006, Dauphin signed a definitive Agreement and Plan of Merger (the "Merger") whereby the Company's wholly owned subsidiary, GeoVax Acquisition Corp., would merge with and into GeoVax. Upon completion of the Merger, GeoVax would survive the Merger as a wholly owned subsidiary of Dauphin. GeoVax, Inc., a Georgia biotechnology company, was established to develop, license and commercialize the manufacture and sale of human vaccines for diseases caused by HIV-1 (Human Immunodeficiency Virus) and other infectious agents. The Merger shall become effective upon, among other things, an affirmative vote of approval

from each companies' shareholders. There is no assurance that we will be successful in finalizing this transaction. If the transaction is completed, there is no assurance that the surviving company will be economically successful. Regardless of the outcome with GeoVax, we may not be successful in finding any suitable merger or acquisition candidate. If we are not successful in finding any suitable candidate, it would raise substantial doubt as to our ability to continue any operations.

Funding Requirements

In order to continue its planned transaction, the Company must obtain additional funding. The Company has no source of working capital except the prospect of obtaining new equity or debt financing. We have no revenues and therefore rely solely on obtaining either equity or debt financing. The Company must continue to sell equity or find another source of operating capital until its operations are profitable. While the Company's financial statements have been prepared under the assumption that the Company will continue as a going concern, the independent registered public accounting firm's report on the Company's 2004 and 2005 financial statements, included an explanatory paragraph relating to the substantial doubt as to the Company's ability to continue as a going concern.

The Company does not have sufficient shares of common stock authorized to meet its obligations

Currently, we do not have enough authorized shares of common stock to issue to holders of options and warrants, as well obligations pursuant to our convertible loans and convertible debentures. This deficiency in the number of authorized shares of common stock can only be rectified by an affirmative vote of the majority of our shareholders to amend our Articles of Incorporation to reflect an increased number of authorized shares of common stock. There can be no assurance that our shareholders will approve an amendment to our Articles of Incorporation.

Shareholders may suffer dilution from the exercise of existing warrants and convertible notes; the terms upon which we will be able to obtain additional equity capital could be adversely affected

Our common stock may become diluted if any of the outstanding warrants to purchase our common stock are exercised. The total number of shares that may be issued pursuant to the outstanding warrants is 1,704,999 at September 30, 2005 and is presently 700,000.

It is likely that our shares will be subject to substantial price and volume fluctuations due to a number of factors, many of which will be beyond our control

The securities markets have recently experienced significant price and volume fluctuations. The market prices and volume of securities of and development-stage companies have been especially volatile. Market volatility and other market conditions could reduce the market price for our shares. Our stock price has fluctuated in the past and could continue to do so in the future. Your investment in the Company's stock could lose value. Some of the factors that could significantly affect the market price of the Company's stock are discussed in these Risk Factors and elsewhere in this report, and also include: variations in quarterly financial results; changes in political, economic and market conditions either generally or specifically to particular industries; and fluctuations in stock prices generally, particularly with respect to the stock prices for other biotechnology companies. A significant drop in our stock price could expose us to the risk of securities class action lawsuits. Defending against such lawsuits could result in substantial costs and divert management's attention and resources. An unfavorable outcome of such a matter may have a material adverse impact on the business, results of operations, financial position, or liquidity.

General Economic and Other Conditions

The Company's business may be adversely affected from time to time by such matters as changes in general economic, business and international conditions, prices and costs, technological developments and other factors of a general nature.

We have not paid any dividends and have no expectation of paying dividends in the foreseeable future

We have not declared, paid, or distributed any cash dividends on our shares in the past, nor are any cash dividends contemplated in the foreseeable future. There is no assurance that our operations will generate any profits from which to pay cash dividends. Even if profits are generated through operations in the future, our present intent is to retain any such profits for acquisitions, product development, production and marketing, and for general working capital requirements.

Our shares are not widely traded

There is only a limited market for our shares. If a large portion of the shares eligible for immediate resale after registration were to be offered for public resale within a short period of time, the current public market would likely be unable to absorb such shares. This could result in a significant reduction in current market prices. There can be no assurance that investors will be able to resell shares at the price they paid for the shares or at any price.

Our shares are subject to special trading rules relating to "penny stocks" which restrict trading

Our shares are covered by an SEC rule that imposes additional sales practice requirements on broker-dealers who sell "penny stock" to persons other than certain established customers. For transactions covered by the rule, the broker-dealer must obtain sufficient information from the customer to make an appropriate suitability determination, provide the customer with a written statement setting forth the basis of the determination and obtain a signed copy of the suitability statement from the customer. The rule may affect the ability of broker-dealers to sell our shares and also may affect your ability to sell shares in the secondary market.

Item 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures designed to ensure that financial information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure.

In connection with the completion of its audit of, and issuance of its report on, our consolidated financial statements for the year ended December 31, 2004, Tanner LC identified deficiencies that existed in the design or operation of our internal control over financial reporting that it considered to be "significant deficiencies" or "material weaknesses." The Public Company Accounting Oversight Board ("PCAOB") has defined "significant deficiency" as a control deficiency, or a combination of control deficiencies, that adversely affects the company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that the misstatement of the company' annual or interim financial statements that is more than inconsequential will not be detected. The PCAOB has defined a "material weakness" as a "significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial will not be prevented or detected."

In connection with the completion of its audit of, and issuance of its report on, our consolidated financial statements for the year ended December 31, 2005, Porter Keadle Moore, LLP ("PKM") considered our internal controls in order to determine their auditing procedures for the purpose of expressing their opinion on the financial statements and not to provide assurance on our internal controls. PKM noted certain matters involving our internal controls and our operation that they consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control that, in PKM's judgment, could adversely affect our ability to record, process, summarize, and report financial data consistent with the assertions of management in our financial statements.

The significant deficiencies or material weakness in our internal controls relate to segregation of incompatible duties, the timely reconciliation of general ledger accounts, controls over inventory, property and equipment, debt documentation and derivative transactions and accounting for acquisitions and disposals. Additionally, significant deficiencies or material weakness in our internal control over accounting for derivative transactions, certain disclosures in the footnotes to the financial statements was related to the stock option disclosures required by SFAS No. 123R. We have disclosed these significant deficiencies and material weaknesses to our Board of Directors. Additional effort is needed to fully remedy these significant deficiencies and material weaknesses and we are continuing our efforts to improve and strengthen our internal controls over financial reporting. Our management and Board of Directors will continue to work with our management and outside advisors with the goal to implement internal controls over financial reporting that are adequate and effective.

(b) Changes in internal controls and procedures

There has been no change in our internal control over financial reporting during the third quarter ended September 30, 2005, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On March 7, 2006, the Company filed legal action against preferred shareholders Stavros N. Papageorgiou and Nikolaos S. Papageorgiou, their advisor, Miltos Louizidis, and the investment banking firm of Crescent International, Ltd. (the "Defendants"). The complaint alleges, among other things, breaches of various agreements, fraud, tortious interference, conspiracy, and breaches of fiduciary duties by the Defendants. Specifically, Dauphin alleges that the Defendants embarked upon a scheme to defraud, tortiously interfere with contracts and business relationships, and to breach fiduciary duties in order to steal from Dauphin and its shareholders certain critical business opportunities, including its current efforts to merge with GeoVax, Inc.

On May 15, 2006, the Company and the preferred shareholders agreed to settle all legal actions between them. The settlement confirms the parties' agreement to proceed with the GeoVax merger, based upon a conversion and exchange of preferred shares upon closing of the merger, on the basis of a 1-preferred-for-2-common share exchange, as anticipated by the Merger Agreement. In addition, a convertible note representing a Company liability of approximately $1.3 million has been cancelled. On May 16, 2006, an agreed order was entered in the Circuit Court of Cook County, Illinois, dismissing all claims.

Item 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS - None.

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 (a). EXHIBITS

31. Certifications
31.1 Certification of Chief Executive and Chief Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification of the Principal Executive and Principal Financial Officer

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

SIGNATURE

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.

DAUPHIN TECHNOLOGY, INC.

BY: /s/ Andrew J. Kandalepas

Andrew J. Kandalepas,
President, Chief Executive and Chief Financial Officer
(Principal Executive and Financial Officer)

Date: June 30, 2006
