

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 2006

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

for the Transition period December 31, 2006

Commission file number 0-9951

ADVANCED OXYGEN TECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

Delaware

91-1143622

(State of Incorporation)

(IRS Employer Identification No.)

C/O Crossfield, Inc., 133 W 13th Street, New York, NY 10011

(Address of principal executive offices)

C/O Crossfield, Inc. (212)-727-7085

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filled 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

At December 31, 2006 there were 46,973,585 issued shares and 45,853,585 outstanding shares of the registrant's Common Stock, \$.01 par value.

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

ADVANCED OXYGEN TECHNOLOGIES, INC.

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PART 1: FINANCIAL INFORMATION

Item I: Consolidated Financial Statements for the three months ending December 31, 2006. (Unaudited)

ADVANCED OXYGEN TECHNOLOGIES, INC.

BALANCE SHEETS

As of December 31, 2006 and June 30, 2006

ASSETS

	December 31, 2006, Unaudited	June 30, 2006, Audited
CURRENT ASSETS		
Cash	\$ 213,773	\$ 378,984
Accounts Receivable	5,391	
Note Receivable	56,034	
	-----	-----
Total Current Assets	275,198	378,984
 FIXED ASSETS		
Land and buildings	650,000	650,000
	-----	-----
Total Fixed Assets	650,000	650,000
 OTHER ASSETS		
Investment in Mobile Group, Inc.	-	-
	-----	-----
	\$ 925,198	\$ 1,028,984
	=====	=====

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES

Accounts payable	\$ 55,004	\$ 52,814
Accrued Expenses	1,886	1,886
Client Escrow Funds	-	373,984
Current Portion of Long Term Debt	4,742	4,742
Note Payable	546,552	650,000
Payroll and sales taxes payable	63,953	63,953

Total current liabilities	672,137	1,147,379
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Long Term Debt, subsidiary	97,561	97,561
Due to affiliate	33,535	31,335

Total Long Term Debt	131,096	128,896
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STOCKHOLDERS' DEFICIENCY -

Convertible preferred stock, Series 2, par value \$0.01; authorized 10,000,000 shares; issued and outstanding 5,000 shares liquidating preference \$25,000	50	50
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Convertible preferred stock, Series 3, par value \$0.01; authorized and issued, 1,670,000 shares	16,700	16,700
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Convertible preferred stock, Series 4; issued and outstanding,	-	-
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Convertible preferred stock, Series 5; issued, 1 share	-	-
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Common stock, par value \$0.01; authorized, 90,000,000 shares; issued 46,973,585 shares	469,736	469,736
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Additional paid-in capital	20,497,769	20,497,769
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Accumulated deficit	(20,855,006)	(21,224,262)
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Less treasury stock, at cost		
1,670,000 shares of convertible preferred stock, Series 3	(7,284)	(7,284)
1,120,000 shares of common stock	-	-

	121,965	(247,291)
	\$ 925,198	\$ 1,028,984

Consolidated Statement of Operations and Changes in Accumulated Deficit	3 Month Period Unaudited	6 Month Period Unaudited	3 Month Period Unaudited	6 Month Period Unaudited
	Ending	Ending	Ending	Ending
	Dec. 31, 2006	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2005
Revenues				
Real Estate Rental Revenues	13,904	27,573		
Software Sales IP Service	-	-	-	-
Total Revenues	-	-	-	-
Cost of Sales				
Cost of Sales IP Service	-	9,432	-	-
Selling Expenses IP Service	-	-	-	-
Total Cost of Sales	-	9,432	-	-
Gross Profit	13,904	18,141	-	-
Expenses				
Accounting Fees	-	3,000	-	-
Interest Expense	1,880	679	-	-
General & Administrative Expenses	10,803	19,233	-	-
Share/Transfer Agent Expense	30	30		-
Total Expenses	12,713	22,942	-	-
Net Income Operational (Loss)	1,191	(4,801)	-	-
Other Income (Expense)				
Interest Income	73	73		
Gain (loss) on Sale of Asset	-	372,984		
Total Other Income (Expense)	73	372,984		
Net Income	1,264	369,256		
Accumulated Deficit				
Beginning of Period	(20,856,270)	(21,224,262)	(21,211,348)	(21,211,348)
End of Period	(20,855,006)	(20,855,006)	(21,211,348)	(21,211,348)

Consolidated Statement of Cash Flow	6 Month Period Unaudited	6 Month Period Unaudited
	Ending	Ending
	Dec. 31, 2006	Dec. 31, 2005
Cash flow from operating activities		
Net Income (Loss)	369,256	3,600
Adjustments to reconcile net loss to cash provided by operations		
Note Receivable	(56,034)	-
Accounts Receivable	(5,391)	(722)
Accounts Payable and Accrued Expenses	2,190	(10,698)
Client Escrow Funds	(373,984)	
Note Payable	(103,448)	
Total Adjustments	(536,667)	(5,719)
Net Cash provided (used) by operations	(167,411)	(2,119)
Cash Flows from financing activities:		
Proceeds from:		
Note Payable, Crossfield	(2,200)	-
Net Cash Flows from Financing Activities:	(2,200)	2,125
Net Increase (decrease) in Cash	(165,211)	6
Summary		
Cash Balance at beginning of Period	378,984	2,780
Cash Balance at End of Period	213,773	2,786
Net Increase (Decrease) in Cash	(165,211)	6

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

For the three month and six month period ending December 31, 2006, the Company had profits of \$1,264 and \$369,256 respectively. The results were from the Company's wholly owned subsidiary..

On September 1, 2006 the Company sold its minority position of 20% of Mobile Group Inc. to KBA Holding ApS for one dollar.

On August 1, 2006, the Company was notified by Bernstien & Pinchuk LLP that they had resigned as the Company's independent auditors. On September 12, 2006 the Company engaged Horwath Revisorenne, AS Strandvejen 58, Hellerup, Denmark as its certified independent accounting firm/outside auditor.

Pursuant to an acquisition agreement on March 3, 2006 Anton Nielsen Vojens ApS ("ANV"), a wholly owned subsidiary of Advanced Oxygen Technologies, Inc. ("AOXY") entered into an agreement to sub divide and sell a 3,300 M2 portion of its Vojens City property ("Property") for Two Million Three hundred Thousand Danish Krone (2.300.000 DKK) to Ejendomsselskabet Ostergade 67 ApS, a Danish company ("EO") in an as-is condition.

Pursuant to a stock acquisition agreement on February 3, 2006 Advanced Oxygen Technologies, Inc. ("AOXY") purchased 100.00% of the stock of Anton Nielsen Vojens ApS ("ANV"), a Danish company from Borkwood Development Ltd. (a crrent shareholder of AOXY) for Six Hundred and Fifty Thousand US Dollars. ANV ownes commercial real estate and produces rental income.

Pursuant to a stock acquisition agreement attached hereto as exhibit III ("Stock Acquisition Agreement"), on April 27, 2005 Advanced Oxygen Technologies, Inc. sold 100.00% of the stock of IP Service ApS to SecurAs, Ltd. 7 Stewards Court, Carlisle Close, Kingston Upon Thames, Surrey KT2 7AU, United Kingdom ("SecurAs") for consideration as follows: The purchase price will be Seven Hundred and Fifty Thousand US Dollars payable as follows: a) Cash and or b) Royalties, which are comprised of 33.33% of all revenue derived from or associated with IP Service ApS or any of its products, which shall be payable quarterly on the 10th day following each quarter and SecurAs will deliver a certified audit of the revenues of IP Service ApS annually to Advanced Oxygen Technologies Inc. At any time Advanced Oxygen Technologies, Inc. can conduct and independent audit of IP Service ApS. At closing, SecurAs did NOT pay any cash to Advanced Oxygen Technologies, Inc.

Pursuant to a waiver agreement attached hereto as exhibit II ("Waiver Agreement"), on April 23, 2005 the shareholders that sold IP Service ApS to Advanced Oxygen Technologies, Inc. ("IP Sellers") entered into a waiver agreement with Advanced Oxygen Technologies, Inc. whereby: the IP Sellers waived and relinquished all rights to collect the share conversion owed to the IP Sellers from the conversion of a preferred share ("Preferred Share") pursuant to the stock acquisition agreement of March 3, 2003 (agreement governing the purchase of IP Service ApS, "IP Purchase Agreement"), the IP Sellers release and indemnify Advanced Oxygen Technologies, Inc. and Advanced Oxygen Technologies, Inc. release and indemnify the IP Sellers for breach of contract, making false warranties and representations, and, liabilities associated with the remedies of set off pursuant to the IP Purchase Agreement, and, for consideration of the above the IP Sellers will deliver to

Advanced Oxygen Technologies, Inc. the Preferred Share and One Million One hundred twenty thousand (1,120,000) shares of Advanced Oxygen Technologies, Inc.

Pursuant to a merger agreement on April 23, 2005 Mobile Group Inc., ("Mobile" a formerly wholly owned subsidiary of Advanced Oxygen Technologies, Inc. acquired 100% of the issued and outstanding stock of Mobiligroup, ApS in exchange for 800 shares of Mobile representing 80% of the issued and outstanding shares of Mobile.

Pursuant to a stock acquisition on March 05, 2003 Advanced Oxygen Technologies, Inc. (AOXY or the Buyer) purchased 100% of the issued and outstanding stock of IP Services, ApS (IP or the Company) from all of its owners (the Shareholders) for value of five hundred thousand dollars (Purchase Price). AOXY issued fourteen million shares of common stock and one share of preferred convertible stock to the Shareholders for payment and consideration of the Purchase Price. Concurrently, pursuant to an Employment Agreement on March 05, 2003 AOXY entered into an agreement with Kurt Sondergaard (Employee). The Employee will be employed by AOXY for four years and will perform duties of president of IP, and AOXY and the Shareholders entered into a covenant of non competition agreement whereby the Shareholders agreed not to compete with IP for a period of five years.

At a special meeting of the Board of Directors, AOXY removed Joseph N. Noll as a director due to his inability to perform his duties as a director. AOXY appointed Kurt Sondergaard and Lawrence Donofrio to the board of directors to replace Joseph N. Noll . Kurt Sondergaard founder and major shareholder of the company, Mr. Sondergaard was educated in the Danish Navy as an electronic engineer. He has worked for 10 years in the electronic security industry, specifically in the IT sector. During this period, Kurt has developed as a business entrepreneur, building and selling an IT business. Lawrence Donofrio graduated from Hamilton College with a BA in English studies. He then worked at Citibank for three years as a financial analyst, and five years as a private financial consultant. He then took a position with Bankers Trust for two years and since 1982 has been a private consultant in the financial industry.

The Company maintains a database ("Database") of business contacts that have participated in conference events. The Database was obtained through acquisition and the Company's activities of marketing events and producing CD-ROMS for clients. The Company maintains and updates contact fields on a quarterly basis.

AOXY has a database management contract with Dun and Bradstreet, ("DB") and Walter Karl, Inc., a division of InfoUSA, Inc. ("WK") whereby, Walter Karl, Inc. will broker the Company's Database. Walter Karl's function is to market and rent the data contained in the Database. This is available in one of two formats: on a one time basis, or a 'database' basis whereby the customer will commit to a minimum number of contact names. The majority of the customers using the Database through WK are direct business to business marketers. WK receives a fee for each sale. During the year ending June 30, 2002 Walter Karl was the Company's only source of revenue. During this period, Walter Karl is the Company's only customer.

AOXY has an agreement with Dun and Bradstreet whereby DB will update, correct, append, and offer deletions to the Database. DB will evaluate the Database each time, and has the option to purchase contacts on a case by case as they see fit, in which case AOXY would receive a fee. Correspondingly, should AOXY, rent, sell or otherwise profit from registered DB information, AOXY would pay a fee to DB. To date, AOXY has not sold any registered DB information.

The Company had a location in Santa Clarita, CA for operations. The Company had abandoned this facility and equipment and maintains no staff other than the sole officer of the Company. Currently, the sole officer of the Company allows the Company to maintain its books, records and operations at his office.

The Company continues its efforts to raise capital to support operations and growth, and is actively searching acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has had discussions with candidates, and has had no success in securing negotiations or a transaction. Further, the Company's financial position makes it difficult for the Company to continue operations. The foregoing raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on the attainment of profitable operations and meeting its obligations on a timely basis, which during this period, the Company has not been able to do.

Acquisition Efforts:

The Company continues its efforts to raise capital to support operations and growth, and is actively searching acquisition or merger with another company that would compliment AOXY or increase its earnings potential. During this period, the Company has been in discussion with five Companies looking to be acquired. AOXY has not negotiated any terms nor proposed any acquisitions of any of these companies that have been accepted. In addition, the Company is in discussion with potential lending institutions to assist in financing any proposed acquisition. The Company expects difficulty in financing the growth of the increased business or acquisition and has been concentrating on raising capital and/or obtaining a line of credit.

Historical Operations:

On March 9, 1998, pursuant to an Agreement for Purchase and Sale of Specified Business Assets ("Purchase Agreement"), a Promissory Note ("Note"), and a Security Agreement ("Security Agreement") all dated March 9, 1998, Advanced Oxygen Technologies, Inc. (the "Company") purchased certain tangible and intangible assets (the "Assets") including goodwill and rights under certain contracts, from Integrated Marketing Agency, Inc., a California Corporation ("IMA").

Pursuant to an employment agreement dated March 09, 1998 between the Company and John Teuber ("Employment Agreement"), on September 04, 1998 the Company terminated John Teuber for cause without relinquishing any of its rights or remedies.

Pursuant to the Note, the Purchase Agreement, and the Security Agreement between the Company and ("IMA"), the Company on September 04, 1998 exercised its right of "Set Off" of the Note, as defined therein due to IMA's breach of numerous representations, warranties and covenants contained in the Note and certain ancillary documents. The Company further reserved any and all rights and remedies available to it under the Note, Purchase Agreement and Security Agreement.

The Company entered into a two year employment agreement ("NAG Agreement" as contained in Exhibit I of the registrants SEC Form 10-K for the period ending June 30, 1998) with Nancy Gaylord on March 13, 1998. On September 18, 1998, Nancy Gaylord terminated her employment with the Company. The NAG Agreement had no provision for this termination. The Company entered into a lease agreement as contained in Exhibit I of the registrants SEC Form 10-QSB for the period ending September 30, 1998 with America-United Enterprises

Inc. on October 01, 1998 and took possession of 4,700 sf. of premises on November 06, 1998 in Santa Clarita for its CA location. Currently, this is the only California location of the Company.

On December 9, 1998 the company delivered to IMA, "Notification to Indemnifying Party and Demand for Indemnification for \$2,251,266." Pursuant to the Note, the Purchase Agreement, the Security Agreement, and the Employment Agreement (collectively the "Agreements"), the Company demanded that IMA pay \$2,251,266 or defend the Company against the Liabilities (as defined therein) due to, among other things, IMA's breach, representations, warranties, and violation of the Agreements.

On January 29, 1999, pursuant to the Purchase Agreement of 1/28/99, Advanced Oxygen Technologies, Inc. ("AOXY") purchased 1,670,000 shares of convertible preferred stock of Advanced Oxygen Technologies, Inc. ("STOCK") and a \$550,000 promissory note issued by Advanced Oxygen Technologies, Inc. ("Note") from Integrated Marketing Agency, Inc. ("IMA"). The terms of the Purchase Agreement were: AOXY paid \$15,000 to IMA, assumed a Citicorp Computer Equipment Lease, #010-0031648-001 from IMA, delivered to IMA certain tangible business property (as listed in Exhibit A of the Purchase Agreement), executed a one year \$5,000 promissory note with IMA, and delivered to IMA a Request For Dismissal of case #PS003684 (restraining order) filed in Los Angeles county superior court. IMA sold, transferred, and delivered to AOXY the Stock and the Note. IMA sold, transferred, assigned and delivered the Note and the Stock to AOXY, executed documents with Citicorp Leasing, Inc. to effectuate an express assumption by AOXY of the obligation under lease #010-0031648-001 in the amount of \$44,811.26, executed a UCC2 filing releasing UCC-1 filing #9807560696 filed by IMA on March 13, 1998, and delivered such documents as required. In addition, both IMA and AOXY provided mutual liability releases for the other.

On April 18, 2000, notice was given that the Board of Directors and persons owning 64.7%, or 19,180,500 shares of common stock of Advanced Oxygen Technologies, Inc. have elected to adopt the following proposals: 1. To amend and restate the Company's Restated Articles of Incorporation to increase the Company's authorized Common Shares from 30,000,000 to 90,000,000 shares, 2. The Board of Directors has approved an amendment to the Company's Certificate of Incorporation to change the name of the Company to AOXY, Inc. The Company's current name was adopted in 1985 when the Company was focused on applications of its technology which it has since disposed of or otherwise abandoned. The Board of Directors believes it would be more appropriate for the Company to utilize a corporate name which more accurately describes the current focus of the Company or is not misleading as to the Company's operations. The above amendments to the Certificate of Incorporation will be filed with the Secretary of State of the State of Delaware, and the Name Change will become effective as of 5:00 p.m. Eastern Time, on the date of such filing.

On December 31, 2000, AOXY entered into an agreement with Eastern Star, Ltd, and Baldwin Construction Co (the "Purchasers") whereby the Purchasers will buy three million shares of capital stock of AOXY for one hundred and twenty five thousand dollars pursuant to a purchase agreement ("Purchase Agreement"). The Company has concluded the issuance and delivery of the shares pursuant to the Purchase Agreement. In addition, the Company received a request from Ann Sejerore for a conversion of her 1 Preferred Share number P 0002 issued April 16, 1998, and in accordance with the restrictions, terms and conditions, as evidenced on the reverse side of the share certificate, the Company issued 333,333 shares bearing a restrictive legend.

On February 14, 2002 the Company gave notice of the change of the Company's location, and location of books and records from Advanced Oxygen Technologies, Inc. 26883 Ruether Avenue, Santa Clarita, CA, 91351 ("CA Location") to Advanced Oxygen Technologies, Inc. c/o Crossfield, Inc. 133 W 13th Street, Suite #5, New York,

NY 10011, Telephone (212)-727-7085, Fax (208)-439-5488. This location is co-located with a related business of the president, Robert E. Wolfe.

Pursuant to a stock acquisition agreement, on March 05, 2003 Advanced Oxygen Technologies, Inc. (AOXY or the Buyer) purchased 100% of the issued and outstanding stock of IP Services, ApS (IP or the Company) from all of its owners (the Shareholders) for value of five hundred thousand dollars (Purchase Price). AOXY issued fourteen million shares of common stock and one share of preferred convertible stock to the Shareholders for payment and consideration of the Purchase Price.

Pursuant to an Employment Agreement, on March 05, 2003 AOXY entered into an agreement with Kurt Sondergaard (Employee). The Employee will be employed by AOXY for four years and will perform duties of president of IP. And, pursuant to the covenant of non competition agreement, the Shareholders agreed not to compete with IP for a period of five years.

On March 5, 2003 at a special meeting of the Board of Directors, AOXY removed Joseph N. Noll as a director due to his inability to perform his duties as a director. AOXY appointed Kurt Sondergaard and Lawrence Donofrio to the board of directors to replace Joseph N. Noll . Kurt Sondergaard founder and major shareholder of the company, Mr. Sondergaard was educated in the Danish Navy as an electronic engineer. He has worked for 10 years in the electronic security industry, specifically in the IT sector. During this period, Kurt has developed as a business entrepreneur, building and selling an IT business. Lawrence Donofrio graduated from Hamilton College with a BA in English studies. He then worked at Citibank for three years as a financial analyst, and five years as a private financial consultant. He then took a position with Bankers Trust for two years and since 1982 has been a private consultant in the financial industry.

Pursuant to a Waiver Agreement on June 26, 2003 , the debt holders (Debt Holders defined in the Waiver Agreement) waived and relinquished all right, to collect from AOXY the debt owed to each of the Debt Holders by Advanced Oxygen Technologies, Inc. (AOXY) in an amount to each Debt Holder as set forth on Schedule 2 in the Waiver Agreement (the "Debt") plus any interest earned thereon. In consideration of the release of the AOXY. AOXY will compensate, pay, transfer, assign and distribute the database ("Database") and all rights thereto, of conference attendees, hi tech decision makers, and other individuals, and all the associated accounts receivable ("Accounts Receivable") due and owing, whether known or unknown.

Forward Looking Statements

Certain statements contained in this report, including statements concerning the Company's future and financing requirements, the Company's ability to obtain market acceptance of its products and the competitive market for sales of small production business' and other statements contained herein regarding matters that are not historical facts, are forward looking statements; actual results may differ materially from those set forth in the forward looking statements, which statements involve risks and uncertainties, including without limitation to those risks and uncertainties set forth in any of the Company's Registration Statements under the heading "Risk Factors" or any other such heading. In addition, historical performance of the Company should not be considered as an indicator for future performance, and as such, the future performance of the Company may differ significantly from historical performance.

PART II

Item 1: Legal Proceedings

There were no legal proceedings brought against the Company during this period.

Item 6. Exhibits and Reports on Form 8-K

There were no reports filed on Form 8-K during this period.

**EXHIBIT 99.906CERT (A)
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

**EXHIBIT 99.906CERT (B)
CERTIFICATION OF TREASURER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

**EXHIBIT 99.CERT (C)
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

**EXHIBIT 99.CERT (D)
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

SIGNATURE

In accordance with the requirements of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 12, 2007

/s/ Robert E. Wolfe /s/

Robert E. Wolfe, Chairman of the Board and
Chief Executive Officer and Principal
Financial Officer