SPEAKING ROSES INTERNATIONAL INC
Form 10QSB
June 21, 2007

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

FORM 10-QSB

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the three-month period ended March 31, 2007
[ ] OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 000-22515

SPEAKING ROSES INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Utah (State or other jurisdiction of incorporation or organization)	20-0612376 (I.R.S. Employer Identification Number)
404 Ironwood Drive Salt Lake City, Utah (Address of principal executive offices)	84115 (Zip Code)

Registrant's telephone number, including area code: (801) 433-3900

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock (par value, $.001 per share)
(Title of class)

Indicate by check mark whether the registrant (1) has filed all 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 [x] No [ ]

As of June 18, 2007 there were 35,653,316 common shares outstanding.

TABLE OF CONTENTS

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements

The accompanying unreviewed and unaudited condensed consolidated financial statements of Speaking Roses International, Inc. and Subsidiary ("SRII" or the "Company") as of March 31, 2007 and December 31, 2006 and for the three months ended March 31, 2007 and 2006, have been prepared in accordance with U.S. generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the notes hereto, and the consolidated financial statements and notes thereto included in our annual report on Form 10-KSB for the year ended December 31, 2006.

All adjustments (consisting only of normal recurring adjustments) necessary for the fair presentation of our consolidated financial position as of March 31, 2007 and December 31, 2006 and our consolidated results of operations and cash flows for the three months ended March 31, 2007 and 2006 have been included. The consolidated results of operations for the three months ended March 31, 2007 may not be indicative of the results for the year ending December 31, 2007.

In Management's Discussion and Analysis or Plan of Operations in Item 2, we have compared the operating results and financial position of SRII for the three months ended March 31, 2007 and for the three months ended March 31, 2006. We believe these comparisons may not be meaningful and caution should be exercised by readers in utilizing these comparisons.

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

CURRENT ASSETS	
Cash	$ 151,756
Accounts receivable, less allowance for doubtful accounts of $61,561	201,396
Inventories	65,847
Prepaid expenses	56,068
Other current assets	3,484
TOTAL CURRENT ASSETS	478,551
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation and amortization of $260,987	281,312
OTHER ASSETS	
Deposits	24,450
Patents and trademarks, net of accumulated amortization of $61,873	480,317
Other Assets	796
TOTAL OTHER ASSETS	505,563
TOTAL ASSETS	$ 1,265,426

Continued

See accompanying notes to condensed consolidated financial statements

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES	
Accounts payable, trade	$ 646,209
Accrued expenses	103,665
Area development rights deposits	-
Accrued interest	266,957
Current portion of deferred revenue	270,215
Current portion of capital lease obligations	11,318
Note Payable	100,000
Current portion of related party notes payable	651,010
TOTAL CURRENT LIABILITIES	2,049,375
LONG-TERM LIABILITIES	
Related party notes payable	-
Convertible notes payable, net of debt discount of $226,875	4,445,741
Deferred Revenue, less current portion	410,047
Capital Lease Obligations, less current portion	31,748
TOTAL LONG-TERM LIABILITIES	4,887,535
TOTAL LIABILITIES	6,936,910
COMMITMENTS AND CONTINGENCIES (see note 15)	
STOCKHOLDERS' DEFICIT	
Preferred Stock, par value $.001; authorized 30,000,000 shares, no shares issued	-
Common Stock, par value $.001; authorized 70,000,000 shares, 35,653,316 shares issued and outstanding	35,653
Additional paid-in capital	9,897,774
Accumulated deficit	(15,604,911)
TOTAL STOCKHOLDERS' DEFICIT	(5,671,484)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,265,426

Concluded

See accompanying notes to condensed consolidated financial statements

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended March 31,
(Unaudited)

	2007	2006
SALES		
Product sales	$ 414,821	$ 369,882
License fees and other revenue	139,767	75,473
Royalties	8,440	15,553
NET SALES	563,028	460,908
OPERATING EXPENSES		
Cost of goods sold	351,973	354,200
General and adminstrative	359,485	715,058
Sales and marketing	232,271	241,852
Research and development	147,397	36,642
TOTAL OPERATING EXPENSES	1,091,126	1,347,752
OPERATING LOSS	(528,098)	(886,844)
OTHER INCOME (EXPENSE)		
Other income	-	9,682
Interest Income	-	5
Other expense	-	(768)
Interest expense	(155,461)	(507,926)
Loss on extinguishment of debt	-	(98,457)
TOTAL OTHER (EXPENSE), NET	(155,461)	(597,464)
LOSS BEFORE PROVISION FOR INCOME TAXES	(683,559)	(1,484,308)
Provision for income taxes	(1,000)	-
NET LOSS	$ (684,559)	$ (1,484,308)

NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$ (0.02)	$ (0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	35,539,825	29,363,051

See accompanying notes to condensed consolidated financial statements

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31,
(Unaudited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (684,559)	$ (1,484,308)
Adjustments to reconcile net loss to net cash Used in operating activities:		
Depreciation and amortization	71,359	36,989
Common stock issued for consulting services	181,235	-
Interest expense recorded as an increase to convertible notes payable	-	38,959
Loss on extinguishment of debt	-	98,457
Amortization of deferred compensation	(85,242)	48,527
Loss on sale of assets	(3,467)	568
Interest expense from beneficial debt conversion features and amortization of debt discount	20,418	412,783
(Gain) on forgiveness of liability	-	(9,656)
(Increase) / decrease in operating assets:		
Accounts receivable	(110,631)	(237,941)
Inventories	7,989	10,320
Prepaid expenses	(52,259)	(4,014)
Other current assets	(1,589)	(279,283)
Deposits	(2,648)	7,867
Increase / (decrease) in operating liabilities:		
Accounts payable	136,582	46,016
Accrued expenses	(104,271)	(19,323)
Area development rights deposits	(38,000)	-
Accrued interest	133,321	55,843
Capital leases	-	-
Deferred revenue	(58,878)	666,623
NET CASH USED IN OPERATING ACTIVITIES	(590,638)	(611,573)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(46,874)	(19,176)
Cash Proceeds from sale of assets	3,467	508
Increase in patents, trademarks and other		

intangibles	(10,643)	(35,282)
NET CASH USED IN INVESTING ACTIVITIES	(54,050)	(53,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable to stockholders	675,000	740,000
Principal payments on notes payable	-	-
Principal payments on capital lease obligations	(2,582)	(815)
Proceeds from sale of common stock	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	672,418	739,185
INCREASE / (DECREASE) IN CASH	27,730	73,662
CASH AT BEGINNING OF YEAR	124,026	36,814
CASH AT END OF YEAR	$ 151,756	$ 110,476
CASH PAID DURING THE YEAR FOR		
Interest	$ 1,721	$ 340
Income taxes	$ 1,000	$ -

Continued

See accompanying notes to condensed consolidated financial statements

SPEAKING ROSES INTERNATIONAL, INC. AND SUBSIDIARY

Supplemental schedule of non-cash investing and financing activities during the three months ended March 31, 2007:

None

Supplemental schedule of non-cash investing and financing activities during the three months ended March 31, 2006:

On January 10, 2006, the Company exchanged $750,000 recorded as area development deposits for an unsecured convertible note payable ("the Development Loan") to a significant stockholder ("the Significant Stockholder"). As part of the exchange agreement and as required by the agreement, the Company added an amount of $38,959 to the principal amount of the Development Loan which represented the interest that would have been earned on the deposit had it been an interest bearing note when the deposit was received by the Company. The Company also recorded a beneficial conversion feature of $362,921 which was immediately expensed because the convertible note payable is due on demand (see Note 4).

Effective as of February 6, 2006, the Company entered into an Exchange Agreement with the Significant Stockholder (see Note 7). The Company recorded non-cash interest expense of $10,356 that was included in the principal amount of the replacement notes as of February 6, 2006.

In connection with the Exchange Agreement, the Company recorded a loss on extinguishment of debt of $98,457 which included the allocation of the extinguishment proceeds between the beneficial conversion feature, the extinguishment of the convertible security, and the value of the common shares issued to effect the exchange. The Company recorded a beneficial conversion feature of $306,213 related to the replacement notes which will be amortized over the life of the replacement notes.

On February 28, 2006, the Company issued a promissory note to a member of the Board of Directors who is also a significant stockholder ("the Director") in the principal amount of $178,452 in settlement of a promissory note dated November 30, 2005 payable to the Director maturing on February 28, 2006 in the principal amount of $175,000 with $3,452 of non-cash accrued interest. The new note bears interest at an annual rate of 10%, and matures on December 31, 2006.

Concluded

(1) Summary of significant accounting policies

Nature of operations - Speaking Roses International, Inc. and subsidiary (collectively, the "Company" or "SRII") own patented and other proprietary technology used to emboss flowers and other products. The technology allows end users to request personalized floral arrangements using standardized or unique messages, logos, trademarks, and pictures. In addition to its own production, the Company has licensed that technology to large wholesale flower concerns and other parties to perform the actual embossing of flowers. In the United States, the Company sells embossed flowers and bouquets containing embossed flowers directly to individuals, businesses, florists, chain stores, funeral homes and large wedding and corporate event planners with production and fulfillment primarily provided by the Company and by licensed wholesale flower providers. The Company has developed a retail distribution model and has begun to offer area licensing and limited franchise rights in strategically located areas which do not require regulatory approval. The Company formed a wholly owned subsidiary, Speaking Roses Development Corporation ("SRDC"), during August 2005 through which to conduct its limited franchise activities. SRII's condensed consolidated financial statements include the accounts of SRDC from the date of inception. The Company has also licensed the technology and equipment to exclusive licensees in international markets and is beginning to offer area development and franchise rights internationally.

Basis of presentation - The accompanying unaudited condensed consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with the instructions to Form 10-QSB but do not include all of the information and notes required by U.S. generally accepted accounting principles and should, therefore, be read in conjunction with the notes hereto, and the consolidated financial statements and notes thereto included in our annual report on Form 10-KSB for the year ended December 31, 2006. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the Company's consolidated financial position and consolidated results of operations have been included. The interim operating results are not necessarily indicative of the results for a full year.

Principles of consolidation - The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, SRDC. All material intercompany balances and transactions have been eliminated in consolidation.

Use of estimates in the preparation of financial statements - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Key estimates in the accompanying condensed consolidated financial statements include, among others, revenue recognition, allowances for doubtful accounts receivable, impairment and useful lives of long-lived assets, impairment of inventories, and valuation allowances against deferred income tax assets.

(1) Summary of significant accounting policies (continued)

Long-lived assets - The Company assesses its property and equipment and other long-lived assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The Company reviews its property and equipment and other definite-lived tangible and intangible assets for impairment on an annual basis or when events or circumstances indicate the existence of a possible impairment in accordance with SFAS No. 144. In determining whether an asset is impaired, the Company must make assumptions regarding recoverability of costs, estimated future net cash flows from the asset, intended use of the asset and other related factors. If these estimates or their related assumptions change, the Company may be required to record impairment charges for these assets. The Company did not record any impairment charges for the three months ended March 31, 2007 and 2006.

Advertising costs - Advertising costs are charged to operations when incurred. Advertising expense was $0 and $8,125 for the three months ended March 31, 2007 and 2006, respectively.

Net loss per common share - The Company applies SFAS No. 128, "Earnings Per Share," which requires the calculation of basic and diluted net loss per common share. Basic net loss per common share ("basic EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share ("diluted EPS") is computed by dividing net loss by the sum of the weighted-average number of common shares outstanding and the weighted-average dilutive common share equivalents then outstanding. The computation of diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect. The Company had a net loss for all periods presented herein; therefore, none of the stock options and convertible debt instruments outstanding during the periods presented, as discussed in Notes 7 and 9, were included in the computation of diluted net loss per common share as they were anti-dilutive.

Common share equivalents consist of shares issuable upon the exercise of common stock options and shares issuable upon conversion of convertible debt. As of March 31, 2007 and 2006, there were 6,358,864 and 4,857,916 outstanding common share equivalents, respectively, that were not included in the computation of diluted net loss per common share as their effect would be anti-dilutive.

Revenue recognition - The Company recognizes revenue from direct sales of floral products and supplies, the sale of license agreements and related equipment, royalties related to licensing agreements, the sale of area development rights, and the sale of franchises.

(1) Summary of significant accounting policies (continued)

Direct Product Sales

Revenue from direct product sales is recognized when the following four revenue criteria (as defined by the Securities and Exchange Commission's (SEC's) Staff Accounting Bulletin (SAB) No. 104) are met: (1) persuasive evidence of an arrangement exists; (2) products are shipped and the customer takes ownership and assumes the risk of loss; (3) the selling price is fixed or determinable; and (4) collectibility is reasonably assured. The Company uses domestic floral wholesalers to emboss, fulfill and distribute its direct product sales. The wholesalers emboss and fulfill orders using the Company's proprietary technology and equipment. Under these fulfillment arrangements, the Company is the primary obligor, assumes inventory risk upon customer return, establishes price, provides embossing specifications and techniques and assumes credit risk. As a result, and in accordance with Emerging Issues Task Force (EITF) No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," the Company recognizes revenue on a gross basis for direct product sales. Gross sales are reduced by returns, charge backs and other discounts.

The Company also has agreements with some wholesalers in which the Company does not act as the primary obligor and does not assume the inventory risk or establish pricing for the product. In accordance with EITF 99-19, revenue from these wholesaler originated sales is recognized as commission revenue when the revenue recognition criteria as defined in SAB 104 are met. Under these arrangements, the wholesalers initiate sales to their customers, are responsible for collections and have a risk of loss of inventory. Commission revenues are reduced accordingly for returns, charge backs and discounts.

License Agreements and Related Equipment and Support

The Company enters into license agreements in which it licenses its patented technology, leases or sells the equipment necessary to utilize the technology, and provides customer support related to the equipment. The sale of the licensed technology, together with the related equipment and support is considered a revenue arrangement with multiple deliverables under EITF Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." In accordance with EITF 00-21, fees from the sale of licensing agreements including customer support and the lease or sale of the related equipment, are initially deferred and subsequently recognized as revenue on a straight-line basis over the life of the agreement beginning on the commencement date of the license agreement. The terms of these non-cancelable license agreements are generally 2 to 4 years, although some terms are as long as 10 years.

In certain circumstances, mainly with international licensees, the Company enters into non-cancelable license agreements that grant a license to the technology, provide the equipment and support, and provide exclusive rights to distribute imprinted floral products within a geographical region. Fees from these licensing agreements are also recognized in accordance with EITF 00-21 and are recorded initially as deferred revenue and recognized as revenue on a straight-line basis over the lives of the agreements.

Royalty Fees
In connection with the license agreements, the Company also receives royalties on the sales of all imprinted flowers. Royalties are recognized as earned in accordance with SAB 104 and EITF 99-19.

(1) Summary of significant accounting policies (continued)

Franchise Fees
The Company recognizes franchise fee revenue when earned in accordance with SFAS No. 45, "Accounting for Franchise Fee Revenue." Franchise fee revenue is recognized when all material services or conditions relating to the sale of a franchise have been substantially performed or satisfied by the Company, which generally occurs upon the commencement of franchise operations. The Company's agreements with the area developers generally require a portion of the franchise fee to be paid to the area developer. Any portion of the franchise fee paid to the area developer is recorded as a reduction to the franchise fee revenue.

Sale of Area Development Rights
Revenues from the sale of area development rights are deferred and recognized proportionately based on the number of franchises sold compared to the total franchises expected to be sold as set forth in each area developer's agreement with the Company. Franchise royalties, which are based on a percentage of franchised stores' sales, are recognized as earned. As of March 31, 2007, the Company recognized $8,440 from international franchise area development rights, but had not yet recognized any revenue associated with domestic franchise fees, area development rights or franchise royalties.
Sales-Type Lease Revenue
Revenue attributable to sales-type leases is recognized over the term of the lease agreement in accordance with SFAS No. 13, Accounting for Leases, as amended.

Accounting for stock based compensation - Effective January 1, 2006, the Company adopted SFAS No. 123R (revised 2004), "Share-Based Payment" which amends SFAS 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. The Company adopted SFAS No. 123R using the modified prospective method. The modified prospective method requires that compensation cost be recognized beginning with the effective date 1) based on the requirements of SFAS No. 123R for all share-based payments granted after the effective date and 2) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123R that were not fully vested as of January 1, 2006. See Note 9 for a more detailed description of the Company's adoption of SFAS No. 123R.

(2) Going concern

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred cumulative net losses of $15,604,911 through March 31, 2007 and a loss of $684,559 for the three months ended March 31, 2007. As of March 31, 2007, the Company had total cash available of $151,756 and a working capital deficit of $1,570,824 down 1,220,788 over the same period of the previous year due to an aggressive debt restructuring effort.

In spite of the restructuring efforts, the above factors raise substantial doubt that the Company will be able to continue as a going concern.

(2) Going concern (continued)

The Company is attempting to raise additional funds through the sale of its equity securities; however, no assurance can be given that the Company will be able to obtain such financing at all or on terms favorable to the Company. Any sale of additional equity or the conversion of any convertible debt securities would result in additional dilution to the Company's stockholders. If the Company is unable to obtain additional funding, it may be required to reduce or cease operations. During the three months ended March 31, 2007, the Company did not issue any of its shares of common stock for cash.

The accompanying condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(3) Inventories

Total inventories for the periods of March 31, 2007 and March 31, 2006 consist of the following:

	2007	2006
Floral products	$ 13,544	$ 12,448
Non-floral products	23,987	30,835
Embossing supplies	21,250	24,855
Shipping materials	7,066	5,697
Total inventories	$ 65,847	$ 73,835

(4) Area lease and development right deposits

As of March 31, 2007, the Company has area lease and development rights deposits totaling $60,000 which represent funds collected from international area licensees and developers of retail distribution outlets in territories that are both determined and yet to be determined. Area leasees and developers have a right to receive a refund of their deposits, plus interest, if the Company does not timely provide them with forms of area development agreements.

During the year ended December 31, 2006, the Company entered into seven agreements for the sale of area development rights and received deposits totaling $397,533. These deposits represent funds collected from potential area developers of retail distribution outlets in territories that are both determined and yet to be determined. Three contracts totaling $167,985 resulted in signed contracts and three contracts totaling $191,548 were canceled or refunded. One contract for $38,000 was unresolved at year-end, and in the first quarter 2007, the contract was canceled and the funds returned.

Area developers have a right to receive a refund of their deposits, plus interest, if the Company does not timely provide them with forms of area development agreements. One agreement for $100,000 with a potential area developer expired on December 23, 2005, but the

(4) Area lease and development right deposits

potential area developer and the Company agreed to extend the term of the agreement until June 23, 2006. The Company was not able to refund the money when the extension ended. The refund was converted into a Note Payable with interest accruing at 10% simple interest per annum and is still outstanding at March 31, 2007.

(5) Deferred revenue

As of March 31, 2007, the Company has deferred revenue of $529,048 which consists of $321,335 of deferred revenue associated with area development rights, $149,213 associated with franchise fees, and $58,500 associated with international licensing agreements.

The Company has entered into non-cancelable licensing agreements with international wholesalers and other entities with terms of 2 to 4 years. Under these contracts the wholesalers acquire exclusive rights to distribute imprinted floral products within a geographic region. License fees under these agreements are paid to the Company at inception and are recognized over the lives of the contracts using the straight-line method. Some of these contacts have included up front payments for equipment.

For the three months ended March 31, 2007, the Company recognized $382 of revenue from international franchise area development rights, but has not yet recognized any revenue associated with domestic area development rights, franchise fees, or franchise royalties. The Company recognized $139,763 and $56,716 of international license fee revenue for the three months ended March 31, 2007 and 2006, respectively.

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(6) Notes payable to stockholders

Unsecured note payable to a member of the Board of Directors and a stockholder with simple interest at 8%, and maturing August 5, 2005. This note was subsequently extended until September 5, 2005 and is currently in default	$ 250,000
Unsecured notes payable to the Chairman of the Board of Directors who is also a significant stockholder with simple interest at 8%, due upon demand	195,526
Unsecured notes payable to a member of the Board of Directors who is also a significant stockholder with simple interest at 10%, due on demand	162,000
Unsecured note payable to a member of the Board of Directors with simple interest at 10%, due on demand	30,000
Note payable to a corporation controlled by a member of the Board of Directors who is also a significant stockholder with interest at prime plus 2% (10.25% at March 31,2007), adjusted quarterly, secured by patents Twelve monthly payments are due beginning on January 1, 2008 with any final amounts due on January 1, 2009	181,000

Unsecured note payable to former employee and non-stockholder for purchase of store. Note bears simple interest of 12% and is due on May 9, 2007	13,484
Total	832,010
Less Current Portion	651,010
Long-Term Portion	$ 181,000

Maturities of related party non-convertible notes payable for each of the five years subsequent to December 31, 2006 are as follows:

2007	$ 651,010
2008	181,000
Total	$ 832,010

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(7) Convertible notes payable to stockholder

As of March 31, 2006, convertible notes payable to stockholder consist of the following:

Note payable to a significant stockholder with interest at 12% maturing January 10, 2010, convertible into shares of common stock at $0.30 per share, secured by corporate patents and trademarks.	$ 870,000
Note payable to the same significant stockholder with interest at 12%, maturing January 10, 2010, convertible into shares of common stock at $0.30 per share and secured by the Company's patents and trademarks. A beneficial conversion feature of $129,319 was recorded. As of March 31, 2007, the remaining debt discount was $113,438.	281,538
Note payable to a stockholder with simple interest at 12%, maturing January 10, 2010, convertible into shares of common stock at $0.30 per share, secured by the Company's patents and trademarks. A beneficial conversion feature of $129,319 was recorded. As of March 31, 2007, the remaining debt discount was $113,438.	281,538
Note payable to a member of the Board of Directors who is also a significant stockholder, with interest at prime plus 2% (10.25% at March 31, 2007), due in monthly installments commencing	

January 1, 2008 and maturing January 10, 2012, convertible into shares of common stock at $0.50 per share, secured by patents and trademarks.	2,058,540
Line of credit payable to a Corporation controlled by a member of the Board of Directors who is also a significant stockholder, with interest at 10.25%, maturing January 1, 2008 convertible into shares of common stock at $0.50 per share, secured by patents and trademarks.	1,000,000
Total	4,491,616
Less debt discount	(247,294)
Net Total	$ 4,244,322

Maturities of related party convertible notes payable for each of the five years subsequest to December 31, 2006 are as follows:

2007	$ -
2008	839,635
2009	514,635
2010	1,947,711
2011	514,635
Total	$ 3,816,616

(8) Stockholders equity

During the three months ended March 31, 2007, the Company issued a total of 196,428 shares in consideration for media and marketing services to be provided during the second quarter 2007. This transaction was reported in an 8-K filing on March 1, 2007.

(9) Stock-based compensation

Prior to January 1, 2006, as permitted under Statement of Financial Accounting Standards ("SFAS") No. 123, the Company accounted for its stock option plans following the recognition and measurement principles of Accounting Principles Board ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations. Accordingly, no stock-based compensation expense had been reflected in the Company's statements of operations as all options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant and the related number of shares granted was fixed at that point in time.

The Company adopted SFAS No. 123R effective January 1, 2006. This pronouncement requires companies to measure the cost of employee services received in exchange for an award of equity instruments (typically stock options) based on the grant-date fair value of the award. The fair value is estimated using option-pricing models. The resulting cost is recognized over the period during which an employee is required to provide service in exchange for the award, usually the vesting period. The Company adopted SFAS 123R using the modified prospective transition method, which is explained below.

SFAS 123R is effective for all stock options the Company grants beginning January 1, 2006. For those stock option awards granted prior to January 1, 2006, but for which the vesting period is not complete, the Company used the modified prospective transition method permitted by SFAS 123R. Under this method, the Company accounts for such awards on a prospective basis, with expense being recognized in its statement of operations beginning in the first quarter of 2006 using the grant-date fair values previously calculated for its pro forma disclosures. The Company will recognize the related compensation cost not previously recognized in the pro forma disclosures over the remaining vesting period. The Company's stock options typically vest in equal annual installments over a service period. Expense related to each portion of an option grant is recognized over the specific vesting period for those stock options.

The fair value of stock options is determined at the grant date using a Black-Scholes option pricing model, which requires the Company to make several assumptions. The risk-free interest rate is based on U.S. Treasury interest rates. The dividend yield on the Company's common stock is assumed to be zero since the Company does not pay dividends and has no current plans to do so in the future. The market price volatility of the Company's common stock is based on the historical volatility of the stock. The expected life of the options is based on the Company's historical experience of stock option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The Company also estimates the expected rate of stock option forfeitures separately for officers and directors and for employees based on the historical experience of options forfeiture in each class of employee and the difference between the Company's stock price as of March 31, 2006 and the weighted average exercise price of outstanding options as of that date.

(9) Stock-based compensation (continued)

The table below summarizes stock option activity pursuant to the Company's 2004 Speaking Roses Equity Incentive Plan (the "Plan") for the three months ended March 31, 2007. Under the Plan, 5,000,000 shares of the Company's Common Stock are available for issuance. Options outstanding and exercisable were granted at a stock option price which was not less than the fair market value of the Company's Common Stock on the date the option was granted and no option has a term in excess of ten years. Additionally, options vested and became exercisable either on the date of grant or commencing either six or 12 months from the option grant date.

	Options	Weighted Average Exercise Price	Weighted Average Contractual Life In Years
Outstanding, December 31, 2006	1,510,000	0.86	
Granted	-		
Exercised	-		
Canceled	-		
Outstanding, March 31, 2007	1,510,000	0.86	8.68
Exercisable, March 31, 2007	397,500	1.62	7.66

* The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. The market value of the Company's stock was $0.24 per share as of March 31, 2007.

No stock options were granted in the first quarter 2007. Therefore, no weighted average was calculated.

(9) Stock-based compensation (continued)

The following tables summarize the range of exercise prices and the weighted average remaining contractual life of the options outstanding and the range of exercise prices for the options exercisable as of March 31, 2007:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Options Outstanding	Remaining Contractual Life (Years)	Exercise Price	Options Exercisable	Exercise Price	R Co Li
$ 0.18	75,000	9.73	$ 0.18	-	$	
0.19	400,000	9.48	0.19	-		
0.70	515,000	8.91	0.70	-		
1.50	50,000	8.35	1.50	12,500	1.50	
1.60	300,000	7.65	1.60	300,000	1.60	
1.70	170,000	7.56	1.70	85,000	1.70	

	1,510,000			397,500
Weighted Average		8.68	0.86	1.62

SFAS 123R requires the benefits of tax deductions in excess of recognized compensation expense to be reported as financing cash flows, rather than as an operating cash flow as prescribed under the prior accounting rules. This requirement reduces net operating cash flows and increases net financing cash flows in periods after adoption. Total cash flow remains unchanged from what would have been reported under prior accounting rules.

Prior to the adoption of SFAS No. 123R, the Company followed the intrinsic value method in accordance with APB No. 25 to account for its employee stock options. Accordingly, no compensation expense was recognized for employee stock options granted in connection with the issuance of stock options under the Plan for periods ended prior to January 1, 2006. The adoption of SFAS No. 123R primarily resulted in a change in the Company's method of recognizing the fair value of share-based compensation. Specifically, the adoption of SFAS No. 123R will result in the recording of compensation expense for employee stock option rights.

(10) Related party transactions

For the three months ended March 31, 2007 and 2006, the Company paid management and consulting fees and other expenses totaling $147,058 and $70,835, respectively, to companies controlled by affiliates of certain principal stockholders of the Company.

Debt Arrangements. As of March 31, 2007, the Company has a demand note payable to Mr. Bob Warfield, who is a member of the Company's Board of Directors, with a principal amount of $250,000. The note bears simple interest at an annual rate of 8%. (See Note 6 for further details.)

As of March 31, 2007, the Company has demand notes payable to Mr. Blaine Harris, who is the Company's Chairman of the Board of Directors, with principal amounts totaling $195,526. The notes bear simple interest at an annual rate of 8%. (See Note 6 for further details.)

As of March 31, 2007, the Company has notes payable to Mr. Roland N. Walker, who is a member of the Company's Board of Directors, with principal amounts totaling $918,452. The notes bear simple interest at annual rates ranging from 8 - 10%. (See Note 6 for further details.)

As of March 31, 2007, the Company has convertible notes payable to Mr. Steven F. Hanson ("Hanson"), who owns more than 5% of the Company's common stock and meets the definition of a related party, with principal amounts totaling $1,151,538. The notes bear simple interest at an annual rate of 12%. The holder of the notes may convert any portion of the principal and accrued interest for shares of the Company's common stock at $0.30 per share at any time prior to acceptance for payment. (See Note 7 for further details.)

(11) Subsequent events

Lines of Credit. On April 11, 2007, the Company renegotiated an extension to the credit limit on an existing line of credit granted by Roland N. Walker, a director of the Company and significant shareholder. The extension increased the amount of the draw from $1 million to $1.5 million.

Activities of the Board of Directors. On June 6, 2007 Roland N. Walker resigned his seat on the board and his office of chairman.

Independent Auditors. On June 20, 2007 Tanner LLC resigned as our independent outside auditors.

Item 2. Management's Discussion and Analysis or Plan of Operations

This Management's Discussion and Analysis or Plan of Operations ("MD&A") should be read in conjunction with our interim condensed consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report and the MD&A contained in our Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on May 17, 2007. The following discussion contains forward-looking statements and should also be read in conjunction with "Forward-looking statements" below. All amounts presented in the MD&A are rounded to the nearest thousand dollars.

Overview

We own patented and other proprietary technology used to emboss flowers and other products. The technology allows end users to request personalized floral arrangements using standardized or unique messages, logos, trademarks, and pictures. In addition to our own production, we have licensed that technology to large wholesale flower concerns and other parties to perform the actual embossing of flowers. In the United States, we sell embossed flowers and bouquets containing embossed flowers directly to individuals, businesses, florists, chain stores, funeral homes and large wedding and corporate event planners with production and fulfillment primarily provided by us and by licensed wholesale flower providers. We have recently developed a retail distribution model and have begun to offer area development and franchise rights for sale in those jurisdictions which do not require regulatory approval. We have also licensed the technology and equipment to exclusive licensees in international markets and we are beginning to offer area development and franchise rights for sale internationally.

Set forth below are comparisons of our financial statement information for the three month periods ended March 31, 2007 and March 31, 2006. Interim results are not necessarily indicative of results for future quarters or the full fiscal year.

Results of Operations

Sales

Sales for the three months ended March 31, 2007 were $563,000 compared to sales of $461,000 for the three months ended March 31, 2006. Product (flower) sales were $415,000 for the three months ended March 31, 2007 and $370,000 for the comparable period in 2006. License fees and other revenue were $140,000 for the three months ended March 31, 2007 and $75,000 for the comparable period in 2006. Royalties were $8,000 for the three months ended March 31, 2007 and $16,000 for the three months ended March 31, 2006. The increase of $45,000 in product sales, the increase of $65,000 in license fees and other revenue, and the decrease of $8,000 in royalties are all attributable to our increasing emphasis on strategic licensing coupled with an effort to grow our product sales even though we have allocated significantly fewer resources toward that effort.

During the three months ended March 31, 2007, we entered into only one international license agreement. The decrease in licensing revenue was attributable to refocusing on domestic rather than foreign markets.

Cost of goods sold

Cost of goods sold for the three months ended March 31, 2007 was $352,000 compared to $354,000 for the three months ended March 31, 2006. Cost of goods sold consisted primarily of purchases of roses and the labor and supplies

necessary to emboss and ship them. The ratio of cost of goods sold as a percentage of product sales improved slightly between the two comparative periods, but the ratio is still much higher than our targets due to the fact that we have invested in production capability anticipating higher sales which have not materialized as projected.

General and administrative

General and administrative expenses were $359,000 for the three months ended March 31, 2007 and $715,000 for the three months ended March 31, 2006. The decrease in general and administrative expenses when comparing the two periods totals $356,000. This reduction represents an aggressive campaign to cut expenses that began in the 4th Quarter 2006. Further reductions are anticipated throughout the remainder of 2007.

Sales and marketing

Sales and marketing expenses were $232,000 for the three months ended March 31, 2007 and $242,000 for the three months ended March 31, 2006. The decrease of $10,000 is again due to a reduction in our sales and marketing personnel. Despite this reduction in staff, we have been able to increase our revenues by 13% over last year's results by focusing on our redefined core retailing strategy.

Research and development

Research and development expenses were $147,000 for the three months ended March 31, 2007 and $37,000 for the three months ended March 31, 2006. The increase in research and development expenses for the two comparative periods is due our focus on a retail strategy that began in July of 2006

Other income (expense)

Other expense for the three months ended March 31, 2007 was $155,000 and $597,000 for the three months ended March 31, 2006. The decrease in other expense for the two comparative periods of $487,000 relates to the costs associated with a debt restructuring that was initiated in the 1st quarter 2006. No such costs were incurred in the 1st quarter 2007.

Net loss

Our net loss for the three months ended March 31, 2007 and 2006 was $685,000 or $.02 per common share and $1,484,000 or $.05 per common share, respectively. The results of operations between the two periods differ greatly and again largely due to a focused effort to reduce expenses while refocusing our efforts on driving our core retailing strategy.

Liquidity and Capital Resources

Cash

We had cash of $151,756 invested in demand deposits as of March 31, 2006 to fund operations and capital expenditures. Therefore we still will require additional financing. If we acquire that funding through the issuance of equity or convertible securities, our shareholders may experience dilution in the value per share of their equity securities. We can give no assurances that we will be able to obtain additional financing at all or on terms that are acceptable to us.

Cash Flows

Cash flows used in operating activities were $(591,000) and $(612,000) for the three months ended March 31, 2007 and 2006, respectively. Because our operating cash flows are currently insufficient to fund our operations, we have relied on funding from our directors and stockholders, as described below.

Capital expenditures

Capital expenditures totaled $54,000 for the three months ended March 31, 2007, equal to the $54,000 for the three months ended March 31, 2006. Expenditures during the first three months of 2007 were primarily for computer equipment, software, telephone systems, and patent and trademark application maintenance.

Financing

As of the date of this Form 10-QSB, we have been unable to obtain financing from external sources under terms which we deem to be reasonably acceptable, and the revenues generated from our operations are insufficient for our current needs. Consequently, certain of our directors and shareholders have extended debt and convertible debt financing to us as described in Notes 6 and 7 to our condensed consolidated financial statements. During the three months ended March 31, 2007, we received an additional $670,000 in loans from a member of the Board of Directors who is also a significant stockholder which materially increased the amount of our total debt.

The total amount of notes payable and convertible notes payable as described in this Form 10-QSB has significantly increased our debt and will likely negatively affect our ability to raise additional funds. While we are attempting to obtain additional commitments from our directors and certain shareholders to continue to fund our operations beyond those commitments described herein, no assurance can be given nor relied upon that we will be able to obtain such commitments on terms and conditions reasonably acceptable to us or that we will be able to continue to operate as a going concern. Our expenses continue to exceed our revenues by a significant margin though we are taking significant measures to

correct that outcome. Accordingly, until such time as we are able to operate profitably, we can give no assurance that we have or will have sufficient capital resources or liquidity to satisfy working capital and operating requirements.

We have not achieved quarterly or annual profits as either SRII or as Speaking Roses, LLC. Our ability to continue as a going concern is dependent upon our ability to generate future profits and to generate sufficient capital to meet our obligations on a timely basis. During the three months ended March 31, 2007, we incurred a net loss of $685,000 and cash flows used in operating activities were $591,000.

Estimated capital expenditures for the nine months beginning April 1, 2007 are approximately $120,000. We believe we will be able to plan and minimize our capital and operating spending in the future by varying the extent of our licensing activities, hiring practices, geographical expansion, and marketing activities. If we elect to slow the speed, or narrow the focus, of our business plan, we may be able to reduce our capital expenditures and losses. Our actual ability to execute our proposed business plan will depend on a number of factors including:

- the acceptance of our floral embossing process in the market place at profitable prices;
- the success of our retail business strategy;
- our ability to protect our intellectual property;
- our ability to continue to raise capital; and
- factors over which we have little or no control, such as

regulatory changes, changes in technology, failures by third parties to meet their contractual obligations or significant changes in the competitive environment in which we will operate.

Our actual costs and revenues can vary from the amounts that we expect or budget in our business plan, possibly materially, and those variations are likely to affect our ability to generate a profit or our need for additional financing. Accordingly, we can give no assurance that our actual debt and equity capital needs will not exceed the anticipated amounts that are available to us, including from our affiliates, directors, and stockholders, and new outside parties.

The unaudited condensed consolidated financial statements included herein have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have incurred cumulative net losses of $15,605,000 and net losses of $685,000 and $1,484,000 for the three months ended March 31, 2007 and 2006, respectively.

The above factors raise substantial doubt that we will be able to continue as a going concern unless we are able to generate sufficient cash flows from operating activities to meet our obligations as they come due or obtain additional debt or equity financing.

The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Forward-looking statements

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "34 Act"). Although we believe our expectations regarding future events are based on reasonable assumptions within the bounds of our knowledge, these forward-looking statements are subject to risks and uncertainties that could prevent our goals from being achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the effects of competition, legislative and regulatory developments, conditions of the capital markets and equity markets and, in general, our ability to achieve the goals described in this report as well as other factors contained in other cautionary statements included in this report.

Certain statements contained in this report, including without limitation, statements containing the words "may," "will," "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential," or "continue" and similar types of expressions identify such statements, although not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Those risks, uncertainties and other factors include, among others, the following:

- our ability to develop a presence in the market and sustain profitable operations;
- the acceptance by the public of our product and retail concept;
- the availability and terms of the additional capital required to fund our operations as needed;
- performance by third parties of their contractual obligations to us;
- our ability to manage growth and retail operations;
- technological changes; and
- competitive factors.

All forward-looking statements speak only as of the date of this report. We do not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that the plans, intentions and expectations reflected in or suggested by the forward-looking statements made in this report are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Readers and potential investors should carefully review the risk factors described in this document and in other documents that Speaking Roses International, Inc. and subsidiary files from time to time with the Securities and Exchange Commission, including, but not limited to, our annual report on Form 10-KSB for the year ended December 31, 2006.

Item 3. Controls and Procedures

In accordance with the rules promulgated under the 1934 Act, our management has evaluated, with the participation of our president and chief executive officer and our chief financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the 1934 Act) as of the end of the fiscal quarter ended March 31, 2007 ("the Evaluation Date"). Based upon our evaluation of these disclosure controls, at the Evaluation date, we concluded that our disclosure controls and procedures are not effective to ensure that information required to be disclosed in the reports that we file under the 1934 Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and regulations. Based on this evaluation, we concluded that our disclosure controls and procedures are not effective due to: 1) adjustments required to correct the accounting for certain debt and equity transactions which was also noted and previously disclosed in our annual report on Form 10-KSB as of December 31, 2006; 2) failure to timely file certain Current Reports on Form 8-K; and 3) failure to timely file certain Form 3, Initial Statement of Beneficial Ownership of Securities; Form 4, Statement of Changes in Beneficial Ownership; and Form 5, Annual Statement of Changes in Beneficial Ownership. We are in the process of improving our internal control and related disclosures in an effort to remediate these deficiencies through improved supervision and training of our accounting staff. These deficiencies have been disclosed to our audit committee and to our independent registered public accounting firm. Additional effort is needed to fully remedy these deficiencies and we are continuing our efforts to improve and strengthen our control processes and procedures. Our management, audit committee, and directors will continue to work with our independent registered public accounting firm and other outside advisors to ensure that our controls and procedures are adequate and effective.

During the first fiscal quarter ended March 31, 2007, changes were made to our inventory tracking procedures, our sales reporting procedures, and to the implementation and use of our new accounting software that we anticipate will materially improve, or are reasonably likely to materially improve, our internal controls over financial reporting.

Our management, including our chief executive officer and our chief financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their cause. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and incidences of fraud, if any, within a company have been detected. These inherent limitations reflect the fact that judgments and decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes and conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, errors and fraud may occur and still not be detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 23, 2007, Speaking Roses International, Inc. (the "Company") entered into a Advertising Order pursuant to which Pacific Media Group, Inc. ("PMG") will develop an ongoing national advertising campaign and marketing strategy on behalf of the Company. In partial consideration for the services to be provided to the Company by PMG, the Company issued to the principals of PMG 196,428 of its common shares at an agreed upon price per share of $0.28. The issuance of the common shares described above was made pursuant to Section 4(2) of the Securities Act of 1933, as amended and Regulation D promulgated thereunder, based in part on the representations made by the holders thereof.

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 and Reports on Form 8-K

(A) EXHIBITS
The exhibits listed below are hereby filed with the Securities and Exchange Commission as part of this Quarterly Report on Form 10-QSB. Certain of the following exhibits have been previously filed with the Commission pursuant to the requirements of the 33 Act or the 34 Act. Those exhibits are identified by the parenthetical references following the listing of each such exhibit and are incorporated herein by reference. We will furnish a copy of any exhibit upon request, but a reasonable fee will be charged to cover our expense in furnishing such exhibit.

Exhibit	Description
2.1	Agreement and Plan of Merger between Millennium Electronics, Inc. and Speaking Roses Internations, Inc. (1)
3.1	Articles of Incorporation of speakingRoses International, Inc. (1)
3.2	Bylaws of Speaking Roses International, Inc. as amended on October 19, 2005 (2)
10.1	Contribution Agreement between Speaking Roses, LLC and Millennium electonics, Inc. (3)
14	Code of Ethics (4)
31	Certifications required by Rule 13a-15(e) and 15d-15(e)
32	Section 1350 Certifications

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(1) Incorporated by reference from our information statement on Schedule 14C filed December 23, 2003.
(2) Incorporated by reference from our current report on Form 8-K filed March 29, 2006.
(3) Incorporated by reference from our current report on Form 8-K filed February 5, 2004.
(4) Incorporated by reference from our annual report on Form 10-KSB filed April 13, 2004.

* Compensatory plan, contract or arrangement

(B) REPORTS ON FORM 8-K

The following reports on Form 8-K were filed during the three months ended March 31, 2007:

	Report Filing Date	Items Reported
(a)	Current Report on Form 8-K filed February 23, 2007	Departure of Directors or Principal Officers Regulation FD Disclosure
(b)	Current Report on Form 8-K filed March 1, 2007	Unregistered Sale of Securities

SIGNATURES

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

SPEAKING ROSES INTERNATIONAL, INC.

By: /s/ Alan K. Farrell
Alan K. Farrell
President and Chief Executive Officer
Date: June 20, 2007

By: /s/ David R. Nichols
David R. Nichols
Chief Financial Officer
Date: June 20, 2007
