

Pacific Software, Inc.
Form 10-Q
February 17, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

X

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

For the quarterly period ended December 31, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 333-143672

PACIFIC SOFTWARE, INC.

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

Nevada

(State or other jurisdiction of incorporation or organization)

41-2190974

(IRS Employer Identification No.)

6517 GERKE PLACE, NANAIMO BC V9V1V8

(Address of principal executive offices)

250-701-1873

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

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

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 13b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUES

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Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of February 10, 2009, the Company had 4,049,000 shares of \$0.001 par value common stock issued and outstanding.

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Indicate by check mark whether the Registrant is a large accelerated filer, and accredited filer, a non-accredited filer and smaller reporting company in Rule 12b-2 of the Exchange Act.(check one)

Large Accredited filer

Accelerated filer

Non-accredited filer

Smaller reporting company

PACIFIC SOFTWARE, INC.

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PART I- FINANCIAL INFORMATION

ITEM 1. Financial Statements

PACIFIC SOFTWARE INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

June 30, 2008

(Unaudited)

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PACIFIC SOFTWARE INC.

(A Development Stage Company)

INTERIM BALANCE SHEETS

	December 31, 2008 (Unaudited)	September 30, 2008 (Audited)
<u>ASSETS</u>		
Current		
Cash	\$ 8,231	\$ 18,055
Equipment Note 3	927	-
Technology rights Note 4	14,152	14,152
	\$ 23,310	\$ 32,207
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 8,942	\$ -
Due to related party Note 6	1,575	1,575
	10,517	1,575
<u>STOCKHOLDERS EQUITY</u>		
Capital stock Note 5		
Authorized:		
100,000,000 common shares authorized, \$0.001 par value		
10,000,000 preferred shares, \$0.001 par value		
Issued and outstanding:		
4,049,000 common shares (September 30, 2008 4,049,000)	4,049	4,049
Additional paid-in capital	110,051	110,051
Deficit accumulated during the development stage	(101,307)	(83,468)
	12,793	30,632
	\$ 23,310	\$ 32,207

Going concern Note 1

The accompanying notes are an integral part of these financial statements

PACIFIC SOFTWARE INC.

(A Development Stage Company)

INTERIM STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended December 31,		October 12, 2005 (inception) to December 31,
	2008	2007	2008
Expenses			
Depreciation	\$ 133	\$ -	\$ 133
Interest	-	-	2,074
Office and general	238	657	5,785
Management fees	1,575	1,272	13,460
Professional fees	15,618	8,895	70,500
Transfer and filing fees	275	334	4,105
Website development	-	-	5,250
Net loss	\$ (17,839)	\$ (11,158)	\$ (101,307)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	
Weighted average number of shares outstanding			
basic and diluted	4,049,000	3,887,706	

The accompanying notes are an integral part of these financial statements

PACIFIC SOFTWARE INC.

(A Development Stage Company)

INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended		October 12, 2005
	December 31,		(inception) to December
	2008	2007	31, 2008
Operating Activities			
Net loss	\$ (17,839)	\$ (11,158)	\$ (101,307)
Adjustments to reconcile net loss to net cash used in operating activities			
Accrued interest payable	-	(1,987)	-
Depreciation	133	-	133
Management fees accrued	-	(5,088)	1,575
Foreign exchange	-	-	1,748
 Change in non-cash working capital items			
Accounts payable and accrued liabilities	8,942	(2,226)	8,942
	(8,674)	(20,459)	(88,909)
 Investing Activities			
Purchase of equipment	(1,060)	-	(1,060)
	(1,060)	-	(1,060)
 Financing Activities			
Proceeds from issuance of common stock	-	104,500	114,100
Advances from (repayments to) related party	-	(19,412)	(15,900)
Cash used in settlement of promissory notes	-	(15,900)	-

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	-	69,188	98,200
Increase (decrease) in cash	(9,824)	48,729	8,231
Cash, beginning	18,055	136	-
Cash, ending	\$ 8,231	\$ 48,865	\$ 8,231
Supplementary disclosure of cash flow information:			
Cash paid for:			
Interest	\$ -	\$ 2,074	\$ 2,074
Income taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

PACIFIC SOFTWARE INC.

(A Development Stage Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

December 31, 2008

(Unaudited)

Note 1

Nature and Continuance of Operations

The Company was incorporated in the State of Nevada, United States of America on October 12, 2005 and its fiscal year end is September 30. The Company is in the development stage and has acquired the rights to a software package named LargeFilesASAP software and the LargeFilesASAP.com domain name.

Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended September 30, 2008 included in the Company's Form 10-KSB filed with the Securities and Exchange Commission. The interim unaudited financial statements should be read in conjunction with those financial statements included in the Form 10-KSB. In the opinion of Management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three months ended December 31, 2008 are not necessarily indicative of the results that may be expected for the year ending September 30, 2009.

Going Concern

These financial statements have been prepared on a going concern basis. The Company has a negative working capital of \$2,286 at December 31, 2008, and has accumulated a deficit of \$101,307 since inception and further losses are anticipated in developing the Company's business plans. The ability to continue as a going concern is dependent

upon raising the necessary capital to develop its business, to meet its obligations and repay its liabilities arising from normal business operations when they come due and ultimately upon generating profitable operations. The outcome of these matters cannot be predicted with any certainty at this time. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management plans to continue to provide for its capital needs by the issuance of common stock and related party advances. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

Note 2

Newly adopted Accounting Policy

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which are generally 2 to 5 years. The cost of repairs and maintenance is charged to expense as incurred. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in other income (expense).

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Note 3

Equipment

Equipment consists of the following:

	December 31 2008	September 30 2008
Computer equipment	\$ 1,060	\$ -
Less: Accumulated depreciation	(133)	-
	\$ 927	\$ -

Note 4

Technology Rights

Pursuant to an Assignment Agreement dated October 30, 2006, the Company acquired from the president of the Company a 100% undivided right in and to a LargeFilesASAP software package, all rights, title and interest in and to the LargeFilesASAP.com domain, and all intellectual property rights related to LargeFilesASAP products and trademarks for \$14,152 (CAD\$15,900). The \$14,152 was paid by way of a promissory note bearing interest at 8% per annum and payable on demand. During the year ended September 30, 2008 the Company repaid the promissory note.

The LargeFilesASAP software allows the transfer of large electronic files over the Internet by login on the Company's server and entering a recipient's e-mail address. The Company intends to continue to develop and market the software.

Note 5

Capital Stock

The total number of shares authorized to be issued by the Company is 100,000,000 common shares with a par value of \$0.001 and 10,000,000 preferred shares with a par value of \$0.001.

During the period from October 12, 2005 (inception) to September 30, 2006, the Company issued 3,840,000 shares of common stock for total cash proceeds of \$9,600.

During the year ended September 30, 2008, the Company issued 209,000 shares of common stock for total cash proceeds of \$104,500.

During the three month period ended December 31, 2008 there were no issuances of common stock.

As at December 31, 2008, the Company has not granted any stock options and has not recorded any stock-based compensation.

Note 6

Related Party Transactions

By agreement dated September 30, 2006, the President of the Company or his private company provided management services to the Company at \$424 per month including GST. On January 1, 2008 this agreement was renegotiated to the amount of \$525 including GST. During the three month period ended December 31, 2008, management services of \$1,575 (December 31, 2007 - \$1,272) were charged to operations. At December 31, 2008, \$1,575 was owing to the President's private company (September 30, 2008 - \$1,575).

These transactions were recorded at the exchange amount which is the amount agreed to by the related parties.

ITEM 2. Management's Discussion and Analysis of Financial Condition or Plan of Operations

Safe Harbor for Forward-Looking Statements

When used in this report, the words may, will, expect, anticipate, continue, estimate, project, intend, and similar expressions are intended to identify forward-looking statements within the meaning of Section 27a of the Securities Act of 1933 and Section 21e of the Securities Exchange Act of 1934 regarding events, conditions, and financial trends that may affect the Company's future plans of operations, business strategy, operating results, and financial position.

Persons reviewing this report are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors are discussed under the Item 2.

Management's Discussion and Analysis of Financial Condition or Plan of Operations, and also include general economic factors and conditions that may directly or indirectly impact the Company's financial condition or results of operations.

Description of Business.

We were formed as a Nevada corporation on October 12, 2005 as Pacific Mining, Inc. On November 28, 2006 we changed our name to Pacific Software, Inc. We are in the business of developing and marketing a large file transfer software package named LargeFilesASAP. To date, we have not sold any of our products. Further, we rely on our sole employee, officer and director, Mr. Jellema to conduct our business.

The LargeFilesASAP software allows its users to send large electronic files over the Internet by transmitting data to our server which transmits the data to a recipient's e-mail address.

Our clients are able to maximize their CPA (Cost Per Action) on the LargeFilesASAP file transfer tool by contacting us for larger plans and dedicated servers. Also, our clients are offered the option to subscribe for a defined time frame of subscription.

We have established our initial clientele via relationships with web page designers, web hosting companies, and other professionals. We also intend to offer privately branded sites for corporate use. We believe, we can derive additional revenue by creating private corporate versions of our software with a set amount of bandwidth and no file size restrictions or recipient restrictions.

We also intend to offer an incentive program, the Large Files ASAP Affiliate Program. If a webmaster refers a client to our services and that client then purchases our services, we will pay the referring webmaster 50% of all revenue from that specific sale. This is a one-time payment for that one initial purchase and any renewals would not be included in this incentive program.

Marketing

Our sales and marketing efforts are focused on strengthening our name and building our reputation as a secure, reliable and cost-efficient provider of large file transfer solutions. We have established initial users via existing relationships that we have with page designers, web hosting companies, and other companies that have a need of large file transfers.

We submit links to our free basic service to web sites offering free downloads. To improve our chances of attracting repeat subscribers we are adding new features and updating our current software. We work with a hosting services group, where our web site www.LargeFilesASAP.com is managed and hosted. We believe that our clients will find the values and benefits of our services to be superior to their other options. We are improving our website to provide our customers with personal attention and increased subscription plan flexibility.

Competition

While the market for large file transfer is relatively new, it is already highly competitive. There have been an increasing number of businesses that have commenced services similar to ours. We expect that this will continue to be the trend in this service niche. In some cases we will be competing with the in-house technical staff of our prospective subscribers or our referral sources. Some of our competitors include Heavymail (www.heavymail.com), Memba.com, FilesDirect www.filesdirect.com), as well as others.

Most of these businesses have longer operating histories and significantly greater financial, technical, marketing and managerial resources than we do. There are relatively low barriers to entry into our business. We have no patented or other proprietary technology that would preclude or inhibit competitors from designing software with similar features as LargeFilesASAP software package. We expect that we will continue to face additional competition from new entrants into the market in the future.

Our business is in an evolving industry and we may not be able to keep up with technology. If we do not keep pace with changing technologies and user preferences, our current services may become obsolete or unmarketable. For example, many competitors provide file transfers via Instant Messengers as well as web sites or Blogs. We do not currently provide any other ways of transferring large files. Many companies seek to engage file transfer services that include managed solutions and other tools we do not currently offer. Also, if we are unable to keep up with changes in technology, it is likely our services and products would become obsolete which would severely limit our ability to attract and service our clients.

Employees

At the present time our President, Marinus Jellema, is our only employee as well as our sole officer and director and a major shareholder. Mr. Jellema will devote such time as required to actively market and further develop our services and software products. At present, we expect Mr. Jellema will devote at least 20 hours per week to our business. We expect to contract the services of a web hosting company and use their central server for our web site needs. We do not anticipate hiring any additional employees until such time as additional staff is required to support our operations.

Description of Property.

We currently maintain a 500 square foot office space provided by Marinus Jellema, our officer and director, at no cost to us. We do not have any written agreement regarding our office space. Our address is 6517 Gerke Place, Nanaimo BC, Canada V9V 1V8. Our telephone number is (250) 701-1873. We anticipate this situation will be maintained for at least the next twelve months. The facility meets our current needs, however should we expand in the future, we may have to relocate. If we have to relocate, we will seek office space at or below then prevailing rates.

Results of Operations for the Three Month Period Ended December 31, 2008 and 2007

We did not generate any revenue for the three months ended December 31, 2008 or 2007. Our expenses were \$17,839 for the three months ended December 31, 2008 compared to \$11,158 for the same period in 2007. From inception to December 31, 2008 our expenses were \$101,307. Expenses consisted of professional fees, administrative and management fees, as well as travel and promotion. The professional fees were, to a large extent, to our auditors and legal counsel for periodic reports required to be filed with the Securities and Exchange Commission. As a result, we have reported a net loss of \$17,839 for the three months ended December 31, 2008 compared to net loss of \$11,158 for the same period of 2007.

Liquidity and Capital Resources

At December 31, 2008, we had total assets of \$23,310. Current assets consisted of \$8,231 in cash, \$927 in property and equipment, \$14,152 in technology rights. Total current liabilities at December 31, 2008 were \$ 10,517 and consisted of \$8,942 in accounts payable and \$1,575 due to a related party. We do not anticipate any capital expenditures in the next twelve months.

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a Smaller Reporting Company, we are not required to provide the information by this Item.

ITEM 4.

CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission (SEC) rules and forms, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, to allow timely decisions regarding required disclosure. It should be noted that because of inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

In connection with the preparation of this Quarterly Report on Form 10-Q, our management, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as required by Rule 13a-15(b) of the Exchange Act, as of December 31, 2008. Based on this evaluation our Chief Executive Officer concluded our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) were effective as of December 31, 2008.

PART II OTHER INFORMATION

ITEM 2. Recent Sales of Equity Securities and Use of Proceeds

On July 5, 2007, our Form SB-2 registration statement (SEC file no. 333-143672) was declared effective by the SEC. We completed our public offering by selling 209,000 shares of common stock to individuals in consideration of \$104,500. We closed our offering on October 7, 2007 and the shares were issued on December 4, 2007.

Through December 31, 2008, we have used the proceeds as follows:

Repay Stockholder Loans	\$	37,386
Professional Fees	\$	29,132
Software Development and Advertising	\$	9,765
Office and Miscellaneous Expenses	\$	7,235
Management Fees (current and prior)	\$	15,600
Total Used	\$	99,118
Balance Not Used	\$	5,513

ITEM 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed by Pacific Software, Inc. during the quarter ended December 31, 2008.

Exhibits

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation SK.

Exhibit No.	SEC Ref. No.	Title of Document	Location
1	31.1	Certification of the Principal Executive Officer/ Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
2	32.1	Certification of the Principal Executive Officer/ Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*	Attached

* The Exhibit attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

PACIFIC SOFTWARE, INC.

Date: February 12, 2008

By: /s/ Marinus Jellema

Marinus Jellema

President and Chief Financial Officer

