

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30,2004

OR

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

Commission file number 333-75137

PASW, INC.

(Exact name of registrant as specified in its charter)

California

77-0390628

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

9453 Alcosta Boulevard

San Ramon, California

94583

(Address of principal executive offices)

(Zip Code)

(925) 828-0934

Registrant's telephone number, including area code)

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 No

There were 4,997,400 shares outstanding of the registrant's Common Stock, par value \$.001 per share, as of October 22, 2004.

PASW, INC.

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PART I – FINANCIAL INFORMATION

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PASW, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,292	\$ 189,053
Accounts receivable, net of allowance of \$0 and \$0	9,958	26,470
Total current assets	188,250	215,523
Total assets	\$ 188,250	\$ 215,523

See accompanying notes to condensed financial statements.

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PASW, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2004	December 31, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:

Accounts payable and accrued expenses	\$ 86,528	\$ 111,130
Advances payable – related party	0	32,075
Total current liabilities	86,528	143,205

Commitments and contingencies**Stockholders' equity:**

Preferred stock, par value \$.01 per share, 10,000,000 shares authorized; no shares outstanding	0	0
Common stock, par value \$.001 per share, 50,000,000 shares authorized; 4,997,400 and 4,997,400 shares issued and outstanding	4,998	4,998
Additional paid-in capital	6,398,754	6,398,754
Accumulated deficit	(6,303,615)	(6,332,731)
Cumulative adjustment for currency translation	1,585	1,297
Total stockholders' equity	101,722	72,318
	\$ 188,250	\$ 215,523

See accompanying notes to condensed financial statements.

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PASW, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	For the Three Months Ended	
	September 30, 2004	September 30, 2003
Revenue - Royalties	\$ 33,874	\$ 53,919
Expenses - Selling, general and administrative	41,513	22,561
Income (loss) from operations	(7,639)	31,358
Income taxes	10,888	0
Net income (loss)	\$ (18,527)	\$ 31,358
Net income (loss) per common share: Basic and diluted	\$ 0.00	\$ 0.00
Weighted average common stock shares outstanding Basic and diluted	4,997,400	4,997,400

See accompanying notes to condensed financial statements.

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PASW, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	For the Three Months Ended	
	September 30, 2004	September 30, 2003
Net income (loss)	\$ (18,527)	\$ 31,358
Other comprehensive income (loss):		
Foreign currency translation adjustment	(7,072)	7,287
Comprehensive income	\$ (25,599)	\$ 38,645

See accompanying notes to condensed financial statements.

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PASW, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Nine Months Ended	
	September 30, 2004	September 30, 2003
Revenue - Royalties	\$ 142,514	\$ 151,477
Expenses - Selling, general and administrative	102,510	102,986
Income from operations	40,004	48,491
Other income:		
Gain on sale of fixed assets – net of depreciation	0	4,652
Gain from continuing operations	40,004	53,143
Loss from discontinued operations	0	(3,161)
Income taxes	10,888	0
Net income	\$ 29,116	\$ 49,982
Net income (loss) per common share:		
Basic and diluted	\$ 0.01	\$ 0.01
Weighted average common stock shares outstanding Basic and diluted	4,997,400	4,997,400

See accompanying notes to condensed financial statements.

PASW, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For the Nine Months Ended	
	September 30, 2004	September 30, 2003
Net income	\$ 29,116	\$ 49,982
Other comprehensive income (loss):		
Foreign currency translation adjustment	288	125
Comprehensive income	\$ 29,404	\$ 50,107

See accompanying notes to condensed financial statements.

PASW, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended	
	September 30, 2004	September 30, 2003
Cash flows from operating activities: Continuing operations		
Net income	\$ 29,116	\$ 49,982
Adjustments to reconcile net loss to net cash used in operating activities:		
(Increase) decrease in assets:		
Accounts receivable	16,512	5,677
Prepaid expenses	0	6,116
Sale of fixed assets	0	3,992
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(24,602)	(27,240)
Net cash used in operating activities	21,026	38,527
Cash flows from investing activities:	0	0
Cash flows from financing activities - Payment of related	(32,075)	0

Effect of exchange rate changes on cash	288	125
Net increase (decrease) in cash	(10,761)	38,652
Cash – Beginning	189,053	98,901
Cash – Ending	\$ 178,292	\$ 137,553

Supplemental non-cash financing activities: None

See accompanying notes to condensed financial statements

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PASW, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

General

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. Results of operations for the interim periods presented are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole. The information contained in this Form 10-QSB should be read in conjunction with audited financial statements and related notes for the year ended December 31, 2003 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on March 29, 2004, and the Company's Registration Statement on Form SB-2 filed with the Securities and Exchange Commission on July 29, 1999 (File 333-75137).

The accompanying unaudited interim financial statements include all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented.

Nature of Operations

PASW, Inc., formerly Pacific Softworks, Inc. ("We", "Ours" or "the Company"), was incorporated in California in November 1992. We developed and licensed Internet and Web related software and software development tools that enable communications, based on a set of rules known as protocols. Our products were embedded into systems and developed or manufactured by others. In August 2000, we sold all the assets of our Internet and Web operations. From January 2001 our operations, consisting of sales of software and licenses, were conducted principally through an administrative office in Northern California and a sales office of our subsidiary, National Research Corporation – Japan ("NRCJ"). In January 2003 the sales office was closed however NRCJ will continue to receive royalty income from former NRCJ customers.

Use of Estimates

Preparing financial statements in conformity with generally accepted accounting principles requires us 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 period. Actual results could differ from those estimates.

Revenue Recognition

We are a licensor of software and generate revenue primarily from the one-time sales of licensed software. Generally, revenue is recognized upon shipment of the licensed software. For multiple element license arrangements, the license fee is allocated to the various elements based on fair value. When a multiple element arrangement includes rights to a post-contract customer support, the portion of the license fee allocated to each function is recognized ratably over the term of the arrangement.

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Translation of Foreign Currency

We translate foreign currency financial statements of NRCJ in accordance with SFAS 52, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates and related revenues and expenses are translated at average exchange rates in

effect during the period. Resulting translation adjustments are recorded as a separate component in stockholders' equity. Foreign currency transaction gains and losses are included in determining net income.

Stock-Based Compensation

We use the intrinsic value method of accounting for stock-based compensation for employees in accordance with Accounting Principles Board Opinion ("APB") No. 25.

Earnings Per Share

SFAS No. 128, "Earnings Per Share" requires presentation of basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS"). Basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of outstanding common shares during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The computation of diluted EPS does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on losses.

COMPUTATION OF WEIGHTED AVERAGE COMMON SHARES OUTSTANDING

	Total Number of Shares	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2004
Outstanding shares as of January 1, 2004	4,997,400	4,997,400	4,997,400
Options treated as Common Stock	990,174	882,674	953,947
Total weighted average shares outstanding	5,987,574	5,880,074	5,951,347
Net income		\$29,116	\$49,982
Net gain (loss) per common share basic and diluted		\$ 0.01	\$ 0.01

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

General

Since the closure of our US development and sales facilities in 2000 and our Japanese office in January 2003 we receive royalties from former customers of our NRCJ subsidiary which serves as our principal source of revenue. We operate an office in San Ramon, California in which we perform all administrative functions necessary to keep the Company in compliance with regulatory requirements. Since the closing of sales and licensing activities in the United States we have sought, and continue to seek, potential merger opportunities.

We operate in one business segment and our fiscal year ends on December 31.

Results of Operations

The following table sets forth, for the periods indicated, the percentage relationship to net revenue of certain items in the consolidated statements of operations and comprehensive income

	Unaudited		Unaudited	
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003

Net revenue	100.00%	100.00%	100.00%	100.00%
Cost of revenue	0.00	0.00	0.00	0.00
Gross profit	100.00	100.00	100.00	100.00
Selling, general and administrative	122.55	41.84	71.93	67.98
Other income: Gain in sale of fixed assets	0.00	0.00	0.00	3.07
Income from continuing Operations	(22.55)	58.16	28.07	35.09
Income taxes	32.14	0.00	7.64	(2.09)
Net income (loss)	(54.69)%	58.16%	20.43%	33.00%

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The following table sets forth, for the periods indicated, the percentage relationship of net revenue by principal geographic area to total revenue.

	Unaudited		Unaudited	
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2003	2003
United States	0%	0%	0%	0%
United Kingdom and Europe	0%	0%	0%	0%
Japan and Asia	100%	100%	100%	100%
Other	0%	0%	0%	0%
Total	100%	100%	100%	100%

Three months ended September 30, 2004 and 2003.

Net revenue

For the three months ended September 30, 2004 our royalty revenues decreased 37.2% to \$33,874 from \$53,919 for the three months ended September 30, 2003. Our revenue for both 2004 and 2003 is derived from a single customer in Japan. While sales of products of that customer that contain our software have been increasing over the last two years the licensing agreement renews annually and the unit fee has been reduced over the past two years. The higher unit sales have not been sufficient to offset the decrease in the unit fees and it is anticipated that this trend will continue in future periods.

Cost of revenue

There is no cost associated with receipt of the royalty revenue in either the three months ended September 30, 2004 or 2003.

Selling, general and administrative

Our selling, general and administrative expense was \$41,514 for the three months ended September 30, 2004 compared to \$22,611 for the three months ended September 30, 2003. In the three months ended September 30, 2004 and the three months ended September 30, 2003 the expenses consist of processing royalty fees and paying taxes by an outside accounting firm in Japan and the continuing expenses of our corporate office, which is focusing on seeking a reverse merger or other financial transaction for the Company.

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Other income and expenses

We had no other income or expense items in the three months ended September 30, 2004 or 2003.

Provision for taxes

Commencing in 1995 we elected to be treated as a subchapter S corporation. Through 1998 all federal tax liabilities were recognized at the individual stockholder level. In February 1999 we terminated the S election and became subject to taxation at the corporate level. Had the Company been subject to taxation as a C corporation in 1998, it would have received a pro forma tax benefit of \$1,099. Since we have a substantial Net Operating Loss Carryforward we had no US income tax liability for the three months ended September 30 2004 however our Japanese royalty activity incurred a Japanese tax of US\$10,888 payable in Japan..

Nine months ended September 30, 2004 and 2003.

Net revenue

For the nine months ended September 30, 2004 our royalty revenues decreased 5.9% to \$142,514 from \$151,477 for the nine months ended September 30, 2003. Our revenue for both 2004 and 2003 is derived from a single customer in Japan. While sales of products of that customer that contain our software have been increasing over the last two years the licensing agreement renews annually and the unit fee has been reduced over the past two years. The higher unit sales have not been sufficient to offset the decrease in the unit fees and it is anticipated that this trend will continue in future periods.

Cost of revenue

There is no cost associated with receipt of the royalty revenue in either the nine months ended September 30, 2004 or 2003.

Selling, general and administrative

Our selling, general and administrative expense was \$102,511 for the nine months ended September 30, 2004 compared to \$102,986 for the nine months ended September 30, 2003. The 2003 expense contains costs associated with closing the sales office in Japan in January 2003 as well as legal fees both in the United States and Japan relating to the closure. In the nine months ended September 30, 2004 the expenses of the Japanese royalty processing are limited to an outside accounting firm and limited legal expense to maintain filing and tax fees in Japan. The amounts in both periods reflect the continuing expenses of our corporate office, which is focusing on seeking a reverse merger or other financial transaction for the Company.

Other income and expenses

We had no other income or expense items in the nine months ended September 30, 2004. In the nine months ended September 30, 2003 we disposed of some property in our former Japanese office for a net gain of \$4,652.

Loss from discontinued operations

In the nine months ended September 30, 2003 we had a loss from discontinued operations in Japan of \$3,161.

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Provision for taxes

Commencing in 1995 we elected to be treated as a subchapter S corporation. Through 1998 all federal tax liabilities were recognized at the individual stockholder level. In February 1999 we terminated the S election and became subject to taxation at the corporate level. Had the Company been subject to taxation as a C corporation in 1998, it would have received a pro forma tax benefit of \$1,099. Since we have a substantial Net Operating Loss Carryforward we had no US income tax liability for the nine months ended September 30 2004 however our Japanese royalty activity incurred a Japanese tax of US\$10,888 payable in Japan..

Liquidity and capital resources

At September 30, 2004 and December 31, 2003 we had working capital of \$101,722 and \$72,318 and cash and cash equivalents of \$178,292 and \$189,053.

We generated \$21,026 in cash flow from operating activities in the nine months ended September 30, 2004 compared to \$38,527 in the nine months ended September 30, 2003. The principal reasons for the decrease in use of cash of \$17,501 was the result of a decrease of \$10,835 in accounts receivable caused by having only a single customer in 2004, a write off of fixed assets of \$3,992 in 2003 through the sale of the furniture and fixtures in our former Japanese office, a decrease of \$6,116 in prepaid rent deposits, a decrease of \$2,638 in accounts payable. Cash generated or used in operating activities principally reflects the gain or loss from operations and the related changes in working capital components.

We did not have any investing activities in either of the nine months ended September 30, 2004 or 2003.

We did have financing activities in the nine months ended September 30, 2004 in the form of payment of a related party note payable of \$32,075. There were no financing activities in the nine months ended September 30, 2003.

ITEM 3. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements and other prospective information relating to future events. These forward-looking statements and other information are subject to certain risks and uncertainties that could cause results to differ materially from historical or anticipated results, including the following:

We received a Going Concern opinion from our auditors on our financial statements for the years ended December 31, 2003 and December 31, 2002. Those statements indicate that we have reported losses for two of our last three years and if we do not become profitable our business could be adversely affected.

We reported loss of \$36,093 in 2002 and a profit of \$70,032 for 2003. We also have an accumulated deficit of \$6,332,731 and a stockholders' equity of \$72,318 as of December 31, 2003. We can provide no assurance we will be profitable in the future and if we do not become profitable our business could be adversely affected.

We were delisted by the NASDAQ Stock Market on October 9, 2001 and our stock has been trading on the OTC Bulletin Board Market (OTCBB) since that time.

The NASDAQ National/Small Cap Market delisted our stock at the opening of business on October 9, 2001. The securities were removed from NASDAQ and subsequent to that date the PASW Common Stock traded on the OTC Bulletin Board Market (OTCBB) as were the Warrants (PASWW) until their expiration on November 30, 2002. While we still have market makers for our securities there can be no assurance we can continue to rely on our current market makers and that the price and trading volume of our securities could not be materially affected.

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Our only operating subsidiary lost its major supplier of product in July 2002.

Our NRCJ subsidiary was a distributor for products supplied by NetSilicon, Inc. Revenue from licenses of the suite of Internet and Web products and sales of services accounted for substantially all of its revenue in the years ended December 31, 2002 and 2001. In July 2002 Net Silicon, Inc. ceased producing products used by NRCJ. During the remainder of 2002 the sales of licenses of the subsidiary decreased to a point where operations became unprofitable. The operations were sold in January 2003. While the remaining royalty activities continue to increase in unit sales the higher volume is being offset by lower unit prices resulting in a decrease in royalty income over the past year. There is no assurance that the remaining royalty income is sufficient to allow the Company to continue operations.

We have limited resources available to continue operations unless a successful transaction is completed with a merger partner or that additional funding can be obtained from outside sources.

At the present time we have limited resources available to continue operations other than maintaining day-to-day activities without any capabilities for expansion. The revenue received from royalties of our NRCJ subsidiary is sufficient to handle only maintenance administrative operations for the Company. While efforts are in process to seek a merger partner or other means of financing there is no assurance that any means can be obtained to permit the Company to resume any form of operations which could expand the business.

Because our ownership is concentrated, our officers and directors and independently our majority stockholder will be able to control all matters requiring stockholder approval including delaying or preventing a change in our corporate control or taking other actions of which individual shareholders may disapprove.

Our officers, directors and independently the majority stockholder beneficially own approximately 60% of our outstanding common stock. These parties will be able to exercise control over all matters requiring stockholder approval and other investors will have minimal influence over the election of directors or other stockholder actions. As a result, our officers, directors and independently the majority stockholder could approve or cause the Company to take actions of which you disapprove or that are contrary to your interests.

Issuance of our authorized preferred stock could discourage a change in control, could reduce the market price of our common stock and could result in the holders of preferred stock being granted voting rights that are superior to those of the holders of common stock.

The Company is authorized to issue preferred stock without obtaining the consent or approval of stockholders. The issuance of preferred stock could have the effect of delaying, deferring, or preventing a change in control. Management also has the right to grant superior voting rights to the holders of preferred stock. Any issuance of preferred stock could materially and adversely affect the market price of the common stock and the voting rights of the holders of common stock. The issuance of preferred stock may also result in the loss of the voting control of holders of common stock to the holders of preferred stock.

Trading in our common stock may be limited and could negatively affect the ability to sell your securities.

A public market for our common stock has existed only since July 29, 1999, the date of our initial public offering. We do not know how liquid the market for our stock will remain and if the market becomes illiquid, it may negatively affect your ability to resell your securities.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Within 90 days prior to the date of this report the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective.

There were no changes in the Company's internal control over financial reporting during the Company's fiscal quarter and nine months ending September 30, 2004, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently involved in any litigation that is expected to have a material adverse effect on our business or financial position. There can be no assurance, however, that third parties will not assert infringement or other claims against the Company in the future which, regardless of the outcome, could have an adverse impact on the Company as a result of defense costs, diversion of management resources and other factors.

ITEM 2. CHANGES IN SECURITIES.

Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

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

Not Applicable

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Exhibits –

- 31 Rule 13a-14(a) Certifications.
- 32 Section 1350 Certifications.

Reports on Form 8-K - None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 25, 2004

PASW, INC.

/s/ WILLIAM E. SLINEY

William E. Sliney

President and Chief Financial Officer

(Duly Authorized Officer and Principal

Financial and Accounting Officer)

CERTIFICATIONS

I, Glenn P. Russell, Chief Executive Officer of PASW, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2004 of PASW, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this quarterly report based on such evaluation; and
 - (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2004

/s/ Glenn P. Russell

Glenn P. Russell
 Chief Executive Officer

CERTIFICATIONS

I, William E. Sliney, President and Chief Financial Officer of PASW, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2004 of PASW, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this quarterly report based on such evaluation; and
 - (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2004

/s/ William E. Sliney
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William E. Sliney
President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of PASW, Inc. (the "Company") hereby certifies that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 25, 2004

/s/ Glenn P. Russell

 Glenn P. Russell
 Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PASW, Inc. and will be retained by PASW, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of PASW, Inc. (the "Company") hereby certifies that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 25, 2004

/s/ William E. Sliney

 William E. Sliney
 President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PASW, Inc. and will be retained by PASW, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.