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

FORM 10-QSB

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

For the quarterly period ended September 30, 1999

OR

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

Commission file number 333-75137

PACIFIC SOFTWORKS, 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.)

703 Rancho Conejo Boulevard Newbury Park, California	91320
(Address of principal executive offices)	(Zip Code)

(805) 499-7722
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 [X] No [ ]

There were 4,392,500 shares outstanding of the registrant's Common Stock, par value $.001 per share, as of November 12, 1999.

PACIFIC SOFTWORKS, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PACIFIC SOFTWORKS, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 1999	December 31, 1998
ASSETS		
Current assets		
Cash and cash equivalents	$3,839,401	$ 224,031
Accounts receivable, net of allowance of $86,400 and $86,400	238,811	268,902
Related party receivable	0	43,000
Prepaid expenses	42,124	15,523
Total current assets	4,120,336	551,456
Fixed assets, net of accumulated depreciation and amortization of $389,144 and $355,343	182,223	82,196
Other assets		9,674
Total assets	$4,302,559	$ 643,326

See accompanying notes to condensed financial statements.

PACIFIC SOFTWORKS, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 1999	December 31, 1998
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 195,735	$ 180,469
Related party payable	0	103,705
Taxes payable	1,382	21,705
Customer deposits	0	23,100
Total current liabilities	197,117	328,979
Deferred revenues	150,874	106,874
Commitments and contingencies		
Stockholders' equity		
Preferred stock, par value $.01 per share, 10,000,000 shares authorized; no shares outstanding		
Common stock, par value $.001 per share, 50,000,000 shares authorized; 4,392,500 and 3,200,000 shares issued and outstanding	4,393	3,200
Additional paid in capital	5,346,594	174,658
Retained earnings	(1,336,390)	18,452
Cumulative adjustment for currency translation	(60,029)	11,163
Total stockholders' equity	3,954,568	207,473
	$ 4,302,559	$ 643,326

See accompanying notes to condensed financial statements.

PACIFIC SOFTWORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Net revenue				
Sales	$ 434,234	$ 558,160	$ 1,642,970	$ 1,961,876
Royalties and others	101,219	106,169	311,522	232,654
Total	535,453	664,329	1,954,492	2,194,530
Cost of revenue				
Purchases and royalty fees	40,767	35,879	116,026	96,450
	40,767	35,879	116,026	96,450
Gross profit	494,686	628,450	1,838,466	2,098,080
Expenses				
Selling, general and administrative	684,885	480,287	1,607,175	1,411,683
Research and development	597,245	207,489	1,275,214	617,826
Depreciation and amortization	13,461	14,713	40,382	44,139
Former officers consulting and administrative expense	71,500	82,680	252,085	248,040
Total	1,367,091	785,169	3,174,856	2,321,688
Net loss	$ (872,405)	$ (156,719)	$(1,336,390)	$ (223,608)
Net loss per common share Basic and diluted	$ (0.20)	$ (0.05)	$ (0.36)	$ (0.07)
Weighted average common stock shares outstanding Basic and diluted	4,416,332	3,340,000	3,748,873	3,340,000

See accompanying notes to condensed financial statements.

PACIFIC SOFTWORKS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Net loss	$ (872,405)	$ (156,719)	$(1,336,390)	$ (233,608)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(44,000)	14,149	48,866	4,131
Comprehensive loss	$ (916,405)	$ (142,570)	$(1,287,524)	$ (229,477)

PACIFIC SOFTWORKS, INC.
STATEMENT OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 1999	1998
Cash flows from operating activities		
Net loss	$(1,336,390)	$ (223,608)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	40,382	44,139
(Increase) decrease in assets:		
Accounts receivable	30,091	(94,091)
Related party receivable	43,000	
Other receivables	0	(23,434)
Prepaid expenses	(26,601)	36,112
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	15,266	(12,321)
Related party payable	(103,705)	0
Accrued taxes payable	(20,323)	(18,592)
Customer deposits	(23,100)	0
Deferred revenue	44,000	(76,013)
Net cash provided by (used in) operating activities	(1,337,380)	(367,808)
Cash flows from investing activities		
Acquisition of fixed assets	(153,761)	(57,177)
Disposition of assets, net	13,461	0
Net cash used in investing activities	(140,300)	(57,177)
Cash flows from financing activities:		
Proceeds from initial public offering	4,651,131	0
Proceeds from borrowings	459,295	0
Repayment of borrowings	(563,000)	0
Acquisition of stock in subsidiary		(5,500)
Private placement of common stock	500,000	0
Net cash provided by financing activities	5,047,426	(5,500)
Effect of exchange rate changes on cash	45,624	(14,946)
Net increase (decrease) in cash	3,615,370	(445,431)
Cash - Beginning	224,031	624,952
Cash - Ending	$ 3,839,401	$ 179,521

Supplemental non-cash financing activities:
None

See accompanying notes to condensed financial statements.

PACIFIC SOFTWORKS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the Company's financial position at September 30, 1999, the results of operations for the three and nine months ended September 30, 1999 and September 30, 1998, and the cash flows for the nine months ended September 30, 1999 and September 30, 1998 are included. Operating results for the three and nine month periods ended September 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

The information contained in this Form 10-QSB should be read in conjunction with audited financial statements as of December 31, 1998 and the unaudited financial statements as of March 31, 1999 filed as a part of the Company's Registration Statement on Form SB-2 filed with the Securities and Exchange Commission on July 29, 1999. (File 333-75137).

(2) Earnings per share

The Company adopted SFAS No. 128, "Earnings Per Share", during 1998. SFAS No. 128 requires presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts, such as stock options, to issue common stock were exercised or converted into common stock. All prior period weighted average and per share information has been restated in accordance with SFAS No. 128.

(3) Year 2000 issues

The Company is aware of the issues associated with the programming code in existing computer systems as the year 2000 approaches. The year 2000 problem is pervasive and complex, as many computer systems will be affected in some way by the rollover of the two-digit year value to 00. Systems that do not properly recognize this information could generate erroneous data or cause a system to fail. The year 2000 issue could create risk for the Company from unforeseen problems in its own computer systems and from third parties with which it deals on transactions worldwide. Failures of the Company's and/or third parties' computer systems could have a material impact on its ability to conduct business. Based on the Company's review and analysis, however, it believes that its computer systems and software products are year 2000 compliant. The Company has further concluded that the products it obtains from its vendors and suppliers for use within its systems and products are also year 2000 compliant. The Company has not incurred and does it expect to incur any material expense in connection with year 2000 matters.

(4) Subsequent events

On May 1, 1999 the Company granted stock options to certain employees, covering 271,000 shares. The options are exercisable for five years at an exercise price of $5.00 per share for 241,000 shares and $5.50 per share for 30,000 shares. The options vest at the rate of 2% of the shares covered per month up to 36 months at which time they will be fully vested. The Company accounts for its stock options under the provisions of APB No. 25. The following proforma information is based on estimating the fair value of grants based on the provisions of SFAS No. 123. The fair value of each option granted during the period ended September 30, 1999 has been estimated as of the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 5.5%, life of options 5 years and expected dividend yield of 0%. Under these assumptions, the weighted average fair value of options granted during the period ended September 30, 1999 was $1.10. Accordingly the Company's proforma net loss and net loss per share as determined under SFAS No. 12 would have been $(1,402,621) and $(0.37).

As of July 29, 1999 the Company completed an initial public offering of 950,000 units consisting of 950,000 common shares and 950,000 warrants priced at $5.25 per unit. Net proceeds from the offering were $4,339,125 after deducting underwriters discount and non-accountable expenses. On September 13, 1999 the Company received $650,868 representing the proceeds of 142,500 units from the underwriter's overallotment of units. The Company expects to use the majority of the net proceeds for research and development of internet web products, enhancements of existing internet and application products and the development of a marketing and sales organization. The shares and warrants are listed on the Nasdaq Small Cap Market under the ticker symbols of PASW and PASWW respectively.

On September 3, 1999 the Company entered into a Letter of Intent to acquire a 100% interest in privately-held ApplianceWare, Inc. a California corporation ("Ware"). Under the Letter of Intent the Company will issue 1,850,000 shares of common stock with a value of approximately $12 million for all of the outstanding shares of Ware and will acquire the software tools and technology and key business relationships of Ware in the Far East consumer electronics industry. On November 9, 1999 the Company's negotiations for the acquisition were suspended and exploration with regard to potential sales and licensing arrangements with the same parties were initiated. The Company believes that one of two aforementioned plans will be concluded during the fourth quarter of this year.

On October 25, 1999 the Company and Financial Services Provider Network, Inc ("FSPN") signed a Letter of Intent to enter into discussions with the intent of entering a strategic relationship to jointly develop certain internet applications with financial institutions. The Company indicated that subject to entering into a definitive agreement it would invest up to $1,000,000 in FSPN and under certain conditions up to an additional $2,000,000. On October 25, 1999 the Company loaned FSPN $250,000 through a promissory note bearing interest at ten (10%) percent due in ninety days. The loan is for general corporate purposes.

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

Cautionary Note Regarding Forward-Looking Statements

Except for historical information contained herein, the statements in this report (including without limitation, statements indicating that the Company "expects," "estimates," anticipates," or "believes" and all other statements concerning future financial results, product offerings, proposed acquisitions or combinations or other events that have not yet occurred) are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements involve known and unknown factors, risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. Those factors, risks and uncertainties include, but are not limited to: the positioning of the Company's products in the Company's market segments; the Company's ability to effectively manage its various businesses in a rapidly changing environment; the timing of new product introductions; sell-through of the Company's products; the continued emergence of the internet resulting in new competition and changing customer demands; the Company's ability to adapt and expand its product offerings in light of changes to and developments in the internet environment; growth rates of the Company's market segments; variations in the cost of, and demand for, customer service and technical support; price pressures and competitive environment; the possibility of programming errors or other "bugs' in the Company's software; the timing and customer acceptance of new product releases and services (including current users' willingness to upgrade from older versions of the Company's products); the consummation of possible acquisitions or combinations; and the Company's ability to integrate acquired or combined operations with its existing business and otherwise manage growth; and the Company's ability to generate or obtain additional capital resources to fund its operations and growth. Additional information on these and other risk factors are included in the Company's Registration Statement on Form SB-2 (File No. 333-75137) filed with the Securities and Exchange Commission on July 29, 1999 under the headings "Risk Factors" and elsewhere in this Form 10-QSB.

General

The Company completed an initial public offering of 950,000 units consisting of one share of common stock and one warrant on July 29, 1999. An additional 142,500 units representing the underwriter's overallotment was sold on September 13, 1999. The Company develops and licenses software which enables internet and web based communications. The software products are embedded into systems and "information appliances" developed or manufactured by others. Information appliances are internet-connected versions of every day products such as telephones, fax machines, personal digital assistants and other digitally based devices. The Company has developed a new proprietary internet browser for use within independent, "non Windows(R)" information appliances. The browser may be effectively placed in use without an operating system and does not require substantial amounts of memory. The Company expects to begin marketing the initial version of this browser during the fourth quarter of 1999. The Company operates in one business segment. The Company's 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 Three Months Ended September 30,		Unaudited Nine Months Ended September 30,	
	1999	1998	1999	1998
Net revenue	100.00%	100.00%	100.00%	100.00%
Cost of revenue	7.61	5.40	5.93	4.39
Gross profit	92.39	94.60	94.07	95.61
Selling, general and administrative	127.91	72.30	82.22	64.33
Research and development	111.54	31.23	65.25	28.16
Depreciation and Amortization	2.51	2.22	2.07	2.01
Former officer consulting and And administrative expense	13.35	12.43	12.89	11.30
Total operating expenses	255.31	118.19	162.43	105.80
Net loss from operations	(162.92)	(23.59)	(68.36)	(10.19)
Foreign currency translation adjustment	(8.21)	2.13	2.50	0.26
Comprehensive loss	(171.13%)	(21.46%)	(65.86%)	(10.45%)

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

	Unaudited Three Months Ended September 30,		Unaudited Nine Months Ended September 30,	
	1999	1998	1999	1998
United States	54%	44%	50%	51%
United Kingdom and Europe	26	41	30	36
Japan and Asia	19	14	19	12
Other	1	1	1	1
Total	100%	100%	100%	100%

Three months ended September 30, 1999 and 1998.

Net revenue

For the three months ended September 30, 1999 revenues decreased 20% to $535,453 from $664,329 for the three months ended September 30, 1998. Sales of licenses decreased 22% for the three months ended September 30, 1999 due to lower sales in the United Kingdom and a 5% decrease in royalty income in Japan and Asia.

Cost of revenue

The cost of revenue for the three months ended September 30, 1999 was $40,767 or 7.6% of sales compared to $35,879 or 5.4% of sales for the three months ended September 30, 1998. The increase in cost of sales related to direct and indirect costs for production and duplication of manuals and media for software products charged against lower sales for the three months ended September 30, 1999.

Selling, general and administrative

Selling, general and administrative expense increased $204,598 to $684,885 for the three months ended September 30, 1999 from $480,287 for the three months ended September 30, 1998. This increase is the result of increases in the sales and marketing staffs which were expanded after the receipt of funds from the Company's initial public offering in July, 1999 and an increase in administrative costs for expenses associated with the Company becoming a public company. Because of the 20% decrease in net revenues the cost of these expenses as a percentage of revenue increased to 128% of net revenue for the three months ended September 30, 1999 from 72% for the three months ended September 30, 1998.

Research and development expense

Research and development expense increased to $597,245 or 112% of revenue for the three months ended September 30, 1999 from $207,489 or 31% of revenue for the three months ended September 30, 1998. The increase is principally attributable to a continuation of development of the Fast Track product line and the development of the FUSION WebPilot Micro Browser(TM) begun in 1998.

Depreciation and amortization

Depreciation and amortization decreased to $13,461 in the three months ended September 30, 1999 from $14,713 for the three months ended September 30, 1998. This decrease was attributable to capitalized costs of computer software acquired from third party vendors in 1996 that became fully amortized in 1998.

Former officer's consulting and administrative expense

Former officer's consulting and administrative expense decreased to $71,500 for the three months ended September 30,1999 from $82,680 for the three months ended September 30, 1998. This agreement plus an agreement not to compete and a consulting agreement with the former officer expired in September 1999.

Provision for taxes

Commencing in 1995 the Company 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 the Company 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. For the three months ended September 30, 1999 the Company had no income tax liability.

Nine months ended September 30, 1999 and 1998.

Net revenue

For the nine months ended September 30, 1999 revenues decreased 11% to $1,954,492 from $2,194,530 for the nine months ended September 30, 1998. Sales of licenses decreased 16% for the nine months ended September 30, 1999 principally due to a decline in domestic sales early in 1999 and lower sales in the United Kingdom in the nine month period ended September 30, 1999. This was partially offset by a 34% increase in royalty income in Japan and Asia.

Cost of revenue

The cost of revenue for the nine months ended September 30, 1999 was $116,026 or 6% of sales compared to $96,450 or 4% of sales for the nine months ended September 30, 1998. The increase in cost of sales related to direct and indirect costs for production and duplication of manuals and media for software products charged against lower sales for the nine month period ended September 30, 1999.

Selling, general and administrative

Selling, general and administrative expense was $1,607,175 or 82% of revenue for the nine months ended September 30, 1999 compared to $1,411,683 or 64% for the nine months ended September 30, 1999. This increase of $195,492 from period to period is the result of increases in the sales and marketing staffs which were expanded after the receipt of funds from the Company's initial public offering in July, 1999, an increase in administrative costs for expenses associated with the Company becoming a public company and an increase in rent following the relocation of the Company's principal office to a new location in mid 1998.

Research and development expense

Research and development expense was $1,275,214 or 65% of revenue for the nine months ended September 30, 1999 compared to $617,826 or 28% of revenue for the nine months ended September 30, 1998. The increase of $657,388 is principally attributable to a continuation of development of the Fast Track product line and the development of the FUSION WebPilot Micro Browser(TM) begun in 1998.

Depreciation and amortization

Depreciation and amortization decreased to $40,382 in the nine months ended September 30, 1999 from $44,139 for the nine months ended September 30, 1998. This decrease was attributable to capitalized costs of computer software acquired from third party vendors in 1996 that became fully amortized in 1998.

Former officer's consulting and administrative expense

Former officer's consulting and administrative expense was $252,085 for the nine months ended September 30,1999 compared to $248,040 for the nine months ended September 30, 1998. This agreement plus an agreement not to compete and a consulting agreement with the former officer expired in September 1999.

Provision for taxes

Commencing in 1995 the Company 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 the Company 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. For the nine months ended September 30, 1999 the Company had no income tax liability.

Liquidity and capital resources

At September 30, 1999 and December 31, 1998 the Company had working capital of $3,772,401 and $115,603 and cash and cash equivalents of $3,839,401 and $224,031.

The Company used $1,337,380 in cash flow from operating activities in the nine months ended September 30, 1999 compared to using $367,808 in the nine months ended September 30, 1998. The increase of $969,572 was the result a decrease of $192,970 in accounts receivable, a increase of $16,555 in prepaid expenses, an increase of

$35,613 in accounts payable and accrued expenses, an increase of $86,077 in deferred revenue, an decrease in accrued taxes of $627.

Investing activities in the nine months ended September 30, 1999 consisted of purchase of fixed assets of $153,761 and the disposition of assets of $13,461 compared to the purchase of assets of $51,177 in the nine months ended September 30, 1998.

The Company provided $5,047,426 from financing activities in the nine months ended September 30, 1999. On July 29, 1999 the Company successfully completed an initial public offering of 950,000 units consisting of 950,000 common shares and 950,000 warrants priced at $5.25 per unit. Net proceeds from the offering were $4,339,125 after deducting underwriters discount and non-accountable expenses. On September 13, 1999 the Company received $650,868 from the sale of 142,500 units representing the proceeds of the sales of the underwriter's overallotment. The Company expects to use the majority of the net proceeds for research and development of internet web products, enhancements of existing internet and application products and the development of a marketing and sales organization. The shares and warrants are listed on the NASDAQ Small Cap Market under the ticker symbols of PASW and PASWW respectively. Additional financing activities for the nine months ended September 30, 1999 consisted of $459,295 of borrowings and $500,000 from a private placement of common stock offset by repayment of borrowings of $563,000. In the nine months ended September 30, 1998 the Company used $5,500 for the acquisition of the minority interest in the Company's Japanese subsidiary.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In June 1999 Golenberg & Co., Merchant Bankers ("Banker"), notified the Company in writing through their legal counsel that they are evaluating for possible legal action a claim against the Company for an option to acquire 10% of outstanding, fully diluted shares of the Company as of June 18, 1998 for $400,000. This claim arises out of a June 1998 letter agreement between the Banker and the Company. In that letter, the Banker agreed to create for the Company a business plan, to develop a comprehensive financing plan and to perform other related services. The Banker has asserted that it is entitled to the option based on the services it allegedly provided the Company. The Company believes that the Banker has not fulfilled the conditions required to vest the option. If the Company is compelled to litigate or arbitrate this claim the Company intends to defend itself vigorously. If however the Banker is successful in pursuit of this claim, it may be awarded an option to purchase up to 320,000 shares of common stock of the Company at a price of approximately $1.25 per share.

The Company is not currently involved in any litigation that is expected to have a material adverse effect on the Company's 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.

(a) The following exhibits are included herewith:
Exhibit 1 - Letter of Intent
Exhibit 11 - Weighted Average of Common Stock Shares Outstanding
Exhibit 27 - Financial Data Schedule

(b) The Company filed no reports on Form 8-K during the quarter for which this form is filed.

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: November 12, 1999 PACIFIC SOFTWORKS, INC.

/s/ WILLIAM E. SLINEY

William E. Sliney
Chief Financial Officer
(Duly Authorized Officer and Principal
Financial and Accounting Officer)

EXHIBIT 1

LETTER OF INTENT

October 25, 1999

Mr. Mark Bragg
Financial Services Provider Network, Inc.
801 E. Taquitz Canyon Way
Suite 101
Palm Springs, CA 92262

Dear Mark:

This letter is intended to summarize our recent discussions between Pacific Softworks, Inc. and Financial Services Provider Network.

1. Pacific Softworks, Inc. ("PSI") is desirous of entering into a strategic relationship with Financial Services Provider Network, Inc. ("FSPN") to jointly develop certain specific aspects of their respective businesses.

2. FSPN, is currently in the process of procuring additional capital and PSI is interested in investing, under certain circumstances, up to Three Million Dollars ($3,000,000) to assist in FSPN's development.

3. PSI is investigating the acquisition of an independent Internet Service Provider ("ISP").

4. If PSI acquires, or otherwise enters into a formal agreement with, an ISP whereby PSI can offer FSPN Internet connection services for FSPN's customers, PSI will have the right to explore and enter into discussions relating to ISP, to provide Internet connection services to FSPN'S customers. The primary focus of such discussion will center on performance and areas of potential service.

5. Subject to entering into a definitive agreement, PSI would be willing to invest One Million Dollars ($1,000,000) at the time of closing with FSPN and subject to other conditions, invest up to an additional Two Million Dollars ($2,000,000) by December 31, 1999.

6. At a minimum, PSI would expect this investment to be subject to the following terms and conditions:

   A. FSPN and PSI will endeavor to develop areas of common interest as they relate to software and hardware requirements.

   B. PSI's investment in FSPN will be valued at a Twenty Million Dollars ($20,000,000) current evaluation of FSPN, i.e., for the first $1,000,000 invested, PSI would receive 5% of the fully diluted outstanding stock of FSPN.

   For each additional One Million Dollars ($1,000,000) invested by PSI, within 30 days of closing, (up to an additional $2,000,000) the evaluation of FSPN will remain at Twenty Million dollars ($20,000,000) and PSI would receive 5% per One Million Dollars, of the fully diluted outstanding stock of FSPN.

In the event that additional funds are invested after 31 days from the date of closing, the evaluation of FSPN will increase to Twenty Five Million Dollars ($25,000,000) and PSI's interest would decrease to 4% of the fully diluted outstanding stock of FSPN, per One Million Dollars ($1,000,000) invested.

PSI dilution after the initial investment will be in parity with existing stockholders

   C. PSI will have the right to appoint one Director to FSPN's Board of Directors and PSI will invite

Mr. Mark Bragg to serve on the Board of Directors of PSI, if he wishes.

D. PSI and FSPN will agree to discuss ISP services that are anticipated to be provided by PSI, or its affiliate. The terms by which said ISP services could be provided shall be included in a separate agreement that will cover the quality of service, schedule of service to be provided, cost of service, and FSPN's possible participation in the revenues generated by the ISP based on certain levels of volume of new customers to the ISP by customers of FSPN.

E. PSI and FSPN will negotiate a first right of refusal for embedded Internet technologies to be provided by PSI for use by FSPN, or its partners, in delivering FSPN products and services via automated teller machines. Said Internet technologies will include, but will not be limited to, embedded Web browsers, networking protocol stacks and thin client technologies.

F. The Parties represent and warrant that no brokers, investment bankers or other "finders" are involved in introducing the Parties to each other and that no brokers, investment bankers or other finders' fees are owed to any person.

G. The negotiation, execution and delivery of a definitive binding written agreement and such other documentation as may be necessary or appropriate, all in form and substance satisfactory to PSI and FSPN, and will include customary representations and warranties which shall survive the closing of the Agreement as well as customary conditions precedent and indemnification.

H. The completion by PSI and FSPN and their respective accountants, counsel and other experts of a customary due diligence investigation with respect to the business and affairs (including business, financial and legal matters) of PSI and FSPN and the resolution, in a manner satisfactory to the Parties of any and all issues raised as a result of such investigation.

I. The receipt of all necessary and appropriate corporate stockholder, and governmental approvals by the Parties to enter into, and consummate the transactions contemplated by the Agreement.

J. The obtaining of such consents and approvals from third parties as may be required in order lawfully to consummate a definitive agreement without violating any contract or rights of third parties.

K. The occurrence prior to the Closing Date (as defined within the definitive agreement) of no material adverse change in the financial condition, business or prospects of any of the Parties and no threatened litigation with respect to the transactions contemplated hereby or otherwise with respect to any of the Parties.

7. The Parties represent that each has the necessary power and authority to execute and deliver this Letter. By executing and delivering this Letter each of the Parties represents that to their knowledge none the Parties nor any stockholder of any of the Parties is in violation of, breach of or default under any material contract, agreement or understanding, whether oral or written, to which the Parties or stockholders is a party.

8. This Letter is only an expression of mutual interest by the Parties concerning some aspects of the proposed transactions described herein, it being understood that all of the material terms of such proposed transactions

are not yet agreed upon between the Parties and still must be agreed upon mutual satisfaction of all the Parties.

9. Except as explicitly otherwise set forth in this Letter

- o No liabilities or obligations of any kind whatsoever are intended to be created hereby between the Parties;

- o This Letter is not intended to constitute a legally binding contract or to consummate the proposed transactions described herein and is not an agreement to enter into a legally binding agreement;

- o Any binding legal obligation of any nature between the Parties shall be only set forth in the definitive Agreement;

- o No party may claim any legal rights against the other by reason of the execution of this Letter or by taking any action in reliance thereon; and

- o Each Party shall bear its own costs in connection with this Letter and the Agreement contemplated thereby.

10. The Parties intend in good faith to use their best efforts to proceed promptly with the negotiation, execution and the delivery of the definitive agreement and the closing transactions contemplated by this Letter. This Letter shall terminate and, except as set forth in Item 1O, shall be of no further force or effect if the Agreement has not been approved by PSI's and FSPN's Boards of Directors, all required regulatory agencies and, if required, submitted to the stockholders of PSI and FSPN for approval by November 1, 1999 or any other date that may be mutually acceptable to the Parties.

11. It is expressly understood that none of the above funds will be invested or disbursed until PSI has performed complete due diligence and review, and complete documentation presented to the PSI Board and only after the approval of the Board will the investment be made.

If the terms and conditions set forth in this Letter correctly set forth our understanding, please execute this Letter in duplicate and return one fully executed copy to me at your convenience.

If this Letter has not been executed and returned to us by October 27, 1999, it shall be deemed null and void.

Very truly yours,

Glenn P. Russell
President and CEO

The foregoing correctly sets forth our understanding:

FINANCIAL SERVICES PROVIDER NETWORK, INC.

By

Title:

Dated:

EXHIBIT 11

PACIFIC SOFTWORKS, INC.

COMPUTATION OF WEIGHTED AVERAGE
COMMON SHARES OUTSTANDING

	Total Number Of Shares	Three Months Ended September 30, 1999	Nine Months Ended September 30, 1999
Outstanding shares as of January 1, 1999	3,200,000	3,200,000	3,200,000
Private placement of common stock on 2/24/99	100,000	100,000	79,853
Options treated as common stock	140,000	140,000	140,000
Initial public offering 7/29/99	950,000	950,000	320,146
Sale of underwriters overallotment 9/13/99	142,500	26,332	8,874
Total weighted average shares outstanding	4,532,500	4,416,332	3,748,873
Net loss		$ (872,405)	$(1,336,390)
Net loss per common share basic and diluted		$ (0.20)	$ (0.36)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PACIFIC SOFTWORKS, INC. BALANCE SHEET AT SEPTEMBER 30, 1999 AND THE STATEMENTS OF OPERATIONS, STOCKHOLDERS' EQUITY AND CASH FLOWS FOR THE PERIOD THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
3,839,401
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325,211
86,400
0
4,120,336
571,367
389,144
4,302,559
347,991
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0
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3,950,184
4,302,559
1,954,492
1,954,492
116,026
3,174,856
0
0
0
(1,336,390)
0
0
0
0
0
(1,336,390)
(0.36)
(0.36)