



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 March 31, 2007

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

There were 4,997,400 shares outstanding of the registrant's Common Stock, par value \$.001 per share, as of May 4, 2007.

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

PASW, INC.

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**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**PASW, INC.  
CONSOLIDATED BALANCE SHEETS**

|   | <b>March 31,<br/>2007</b> | <b>December 31,<br/>2006</b> |
|---|---------------------------|------------------------------|
| <b>ASSETS</b>   | <b>(Unaudited)</b>        |                              |
| Current assets:   |                           |                              |
| Cash and cash equivalents   | \$ 241,192                | \$ 306,115                   |
| Accounts receivable, net of allowance of \$0 and \$0                        | 25,680                    | 14,018                       |
| Total current assets  | 266,872                   | 320,133                      |
| Property and equipment,<br>less accumulated depreciation of \$912 and \$703 | 1,434                     | 1,642                        |
| Total assets  | \$ 268,306                | \$ 321,775                   |

**See accompanying notes to condensed consolidated financial statements.**

**PASW, INC.**  
**CONSOLIDATED BALANCE SHEETS**

|   | <b>March 31,<br/>2007</b> | <b>December 31,<br/>2006</b> |
|---|---------------------------|------------------------------|
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>(Unaudited)</b>        |                              |
| Current liabilities:  |                           |                              |
| Accounts payable and accrued expenses   | \$ 43,750                 | \$ 52,044                    |
| Total current liabilities   | <u>43,750</u>             | <u>52,044</u>                |
| 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   | (6,131,638)               | (6,086,665)                  |
| Cumulative adjustment for currency translation  | (47,558)                  | (47,356)                     |
| Total stockholders' equity  | <u>224,556</u>            | <u>269,731</u>               |
|   | <u>\$ 268,306</u>         | <u>\$ 321,775</u>            |

See accompanying notes to condensed consolidated financial statements.

**PASW, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

|   | <b>For the Three Months Ended</b> |                       |
|---|-----------------------------------|-----------------------|
|   | <b>March 31,<br/>2007</b>         | <b>March 31, 2006</b> |
| Revenue - Royalties   | \$ 49,554                         | \$ 45,049             |
| Expenses - Selling, general and administrative                      | 94,528                            | 30,316                |
| Income (loss) from operations                                       | (44,974)                          | 14,733                |
| Income taxes  | 0                                 | 0                     |
| Net income (loss)   | \$ (44,974)                       | \$ 14,733             |
| Net income (loss) per common share: Basic and Diluted               | \$ (0.01)                         | \$ 0.00               |
| Weighted average common stock shares outstanding, Basic and Diluted | 4,997,400                         | 4,997,400             |

**See accompanying notes to condensed consolidated financial statements.**

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

|   | <b>For the Three Months Ended</b> |                           |
|---|-----------------------------------|---------------------------|
|   | <b>March 31,<br/>2007</b>         | <b>March 31,<br/>2006</b> |
| Net income (loss)                       | \$ (44,974)                       | \$ 14,733                 |
| Other comprehensive income (loss):      |                                   |                           |
| Foreign currency translation adjustment | (202)                             | 262                       |
| Comprehensive income (loss)             | <u>\$ (45,176)</u>                | <u>\$ 14,995</u>          |

See accompanying notes to condensed consolidated financial statements.

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

|  | <b>For the Three Months Ended</b> |                           |
|--|-----------------------------------|---------------------------|
|  | <b>March 31,<br/>2007</b>         | <b>March 31,<br/>2006</b> |
| <b>Cash flows from operating activities:</b>                                 |                                   |                           |
| Net income (loss)  | \$ (44,974)                       | \$ 14,733                 |
| Depreciation   | 209                               | 209                       |
| Adjustments to reconcile net loss to net cash used in operating activities:  |                                   |                           |
| (Increase) decrease in assets:   |                                   |                           |
| Accounts receivable  | (11,663)                          | 7,050                     |
| Increase (decrease) in liabilities:  |                                   |                           |
| Accounts payable and accrued expenses  | ( 8,294)                          | (20,100)                  |
| Net cash used in operating activities  | (64,722)                          | 1,892                     |
| <b>Cash flows from investing activities:</b>                                 |                                   |                           |
| Purchase of fixed assets   | 0                                 | (652)                     |
| <b>Cash flows from financing activities</b>                                  | 0                                 | 0                         |
| Effect of exchange rate changes on cash                                      | (201)                             | 261                       |
| Net increase (decrease) in cash  | (64,923)                          | 1,501                     |
| Cash – Beginning   | 306,115                           | 268,271                   |
| Cash – Ending  | \$ 241,192                        | \$ 269,772                |
| Supplemental non-cash financing activities: None                             |                                   |                           |
| <b>See accompanying notes to condensed consolidated financial statements</b> |                                   |                           |



**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 2006 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on April 2, 2007.

The accompanying unaudited interim financial statements include all adjustments (consisting or normal recurring accruals) 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. ("PASW" or the "Company") was incorporated in California in November 1992.

Initially, the Company engaged in the development and licensing of internet and web related software and software development tools. The Company completed an initial public offering of its securities in 1999.

In August 2000, the Company and NetSilicon, Inc. ("NSI") entered into an agreement whereby the Company sold the assets of its internet and web software technology to NSI, retaining a non-exclusive, royalty-free license to continue to use the technology. Thereafter, a subsidiary of the Company, NRCJ, continued to distribute products supplied by NSI, which distribution business accounted for substantially all of the Company's revenues in the years ended December 31, 2001 and 2002.

On January 31, 2003, the Company sold the operating assets of NRCJ to Network Technology, Inc. after NSI ceased producing the products which NRCJ had been utilizing in its distribution business. Following that sale, the Company (through NRCJ) has continued to receive royalty income from a single Japanese customer, which royalty revenue has constituted the Company's sole source of income from operations during the past four years.

The Company has spent no funds on research and development in the last four fiscal years.

As of March 31, 2007 the Company has no full-time employees. The Company, pays one of its officers a management fee for services rendered to maintain administrative operations.

## **Letter of Intent with VirnetX**

On January 18, 2007 the Company signed a non-binding term sheet (“Term Sheet”) with VirnetX, Inc., a development stage company that is engaged in software development for secure real time communications, regarding a proposed business combination with the Company. A copy of the term sheet is on file with the Securities and Exchange Commission. VirnetX has recently filed suit against Microsoft in the United States District Court in the Eastern District of Texas alleging that Microsoft has infringed three patents of VirnetX.

The Term Sheet contemplates that:

- the Company would merge with VirnetX in a transaction that is intended to be completed before June 30, 2007,
- the management of the Company would be replaced upon completion of the transaction so that the officers and directors of VirnetX would become the officers and directors of PASW,
- the surviving company (PASW) will have added equity funds of not less than \$4.5 million,
- the Company will change its name to that selected by VirnetX, and
- the current shareholders of PASW will then own approximately 5% of the outstanding capital stock of the surviving company (on a fully-diluted basis after giving effect to the exercise and conversion of all options, warrants and other rights to acquire shares of PASW common stock) and the shareholders of VirnetX, as well as those providing the additional equity funding, will own the balance of the outstanding capital stock.

The proposed transaction between PASW and VirnetX is subject to continuing negotiation between the Company and VirnetX and the execution of a definitive merger agreement, board, shareholder and/or other approvals, completion of due diligence and other conditions. No assurance can be given that the parties will enter into a definitive merger agreement on these or any other terms or that the proposed transaction will close. In addition, in the event that the proposed merger does take place, the Company believes that the funds available to the surviving company at closing will be inadequate to fund future requirements of the development stage business and that additional funds in a currently undetermined amount will be required. No assurance can be given that such additional funds will be obtained.

## **Use of Estimates**

Preparing financial statements in conformity with generally accepted accounting principles requires the Company 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**

The Company's only source of revenue comes from a royalty license agreement with a single customer in Japan. The Company invoices the customer monthly based on units sold and recognizes the revenue at the time that it is earned.

### **Translation of Foreign Currency**

The Company translates foreign currency financial statements 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. Since foreign currency transaction gains and losses are included in determining net income, any fluctuations in the value of the Japanese Yen and the US Dollar impact the values of the Company's royalty income and the asset values recorded in the Japanese operation.

### **Concentration of Credit Risk**

The Company places its cash in what it believes to be credit-worthy financial institutions in the US and Japan.. Furthermore, 100% of the Company's accounts receivable and revenue are derived from one customer in Japan.

### **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. The Company does not have any options or warrants outstanding therefore the basic and diluted earnings per share are the same.

#### **Computation of Weighted Average Common Shares Outstanding**

|   | <b>Total<br/>Number of<br/>Shares</b> | <b>Three Months<br/>Ended March 31,<br/>2007</b> |
|---|---------------------------------------|--|
| Outstanding shares as of January 1, 2007      | 4,997,400                             | 4,997,400  |
| Options treated as Common Stock               | 0                                     | 0  |
| Total weighted average shares outstanding     | 4,997,400                             | 4,997,400  |
| Net loss                                      |                                       | \$(44,974)                                       |
| Net (loss) per common share basic and diluted |                                       | \$( 0.01)  |

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

**General**

Since the closure of the Company's US development and sales facilities in 2000 and the Japanese office in January 2003 the Company has continued to receive royalty income from a single Japanese customer, which has constituted the Company's sole source of income from operations during the past four years.

The Company operates an office in San Ramon, California in which it performs 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 the Company has sought, and continues to seek, potential merger opportunities.

The Company operates 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

|                                     | <b>Unaudited</b>                                    |             |
|-------------------------------------|---|-------------|
|                                     | <b>For the Three Months<br/>Ended<br/>March 31,</b> |             |
|                                     | <b>2007</b>   | <b>2006</b> |
| Net revenue                         | 100.00%   | 100.00%     |
| Cost of revenue                     | 0.00  | 0.00        |
| Gross profit                        | 100.00  | 100.00      |
| Selling, general and administrative | 190.76  | 67.30       |
| Income (loss) from operations       | (90.76)   | 32.70       |
| Income taxes                        | 0.00  | 0.00        |
| Net income (loss)                   | (90.76)%  | 32.70%      |

All of the Company's royalty revenue was generated in Japan.

### **Three months ended March 31, 2007 and 2006**

#### ***Net revenue***

For the three months ended March 31, 2007 the Company's royalty revenues increased 10% to \$49,554 from \$45,049 for the three months ended March 31, 2006. Revenue for both 2007 and 2006 is derived from a single customer in Japan. While sales of product to that customer have been increasing over the last two years the licensing agreement renews annually and the unit fee has been reduced each year. Since all of the revenue was in the form of royalties, there were no costs of sales in the three months ended March 31, 2007 or 2006.

#### ***Selling, general and administrative***

The Company's selling, general and administrative expense was \$94,528 for the three months ended March 31, 2007 compared to \$30,316 for the three months ended March 31, 2006 an increase of 312%. The significant reason for the increase in expense in the three months ended March 31, 2007 was \$69,525 spent on legal and other costs related to a possible corporate transaction, compared to \$0 in the three months ended March 31, 2006. The Company had no other income or expense items in the three months ended March 31, 2007 or 2006.

#### ***Liquidity and capital resources***

At March 31, 2007 and December 31, 2006 the Company had working capital of \$223,122 and \$268,089 and cash and cash equivalents of \$241,192 and \$306,115.

The Company used \$64,722 in cash flow from operating activities in the three months ended March 31, 2007 compared to generating \$1,892 in the three months ended March 31, 2006. The principal reasons for the increase in use of cash of \$66,614 was the result of the net loss from operations of \$44,974 and an increase in accounts receivable of \$11,663.

The Company had no investing or financing activities in the three months ended March 31, 2007 compared to \$652 in investing activities in the three months ended March 31, 2006.

#### ***Off balance sheet arrangements - None***

## **Factors That May Affect Future Results**

**The Company received a “going concern” qualification with respect to the financial statements prepared by its auditors for the years ended December 31, 2006, 2005 and 2004.**

Those financial statements indicate that although the Company reported positive cash flows from operations in 2006, 2005, and 2004, the Company has incurred significant operating losses to date, has limited sources of revenue, and there is no assurance that the Company can continue as a going concern in the future. Its only operating subsidiary, NRCJ, sold all its revenue producing assets in 2003 and there is no assurance that the remaining royalty income from a single customer in Japan will be sufficient to allow the Company to continue operations in the future or that such royalty income may not be terminated in the future.

The Company reported a loss of (\$44,974) in the three months ended March 31, 2007, a gain of \$60,418 in 2006, \$120,524 in 2005, \$65,124 in 2004 and \$70,032 in 2003 but sustained losses of (\$37,093) in 2002 and (\$1,306,954) in 2001. The Company also had an accumulated deficit of (\$6,131,638) and stockholders equity of \$224,556 for the three months ended March 31, 2007, and an accumulated deficit of (\$ 6,086,665) and stockholders' equity of \$269,731 as of December 31, 2006. The Company can provide no assurance it will be able to maintain positive cash flow or that the Company will be able to continue operations in the future.

**Shares of The Company Have Been Trading On The OTC Bulletin Board (OTCBB)**

The Company has been trading on the OTCBB since October 2001. While the Company currently has market makers for trading its securities on the OTCBB, there is no assurance that these market makers will continue their activities with respect to the Company's securities. Any loss of such market makers could have a material adverse effect on the value or price of the Company's securities.

**The Company Sold the Operating Assets of its Subsidiary in 2003 and Currently Receives Royalty Revenue Only.**

The Company's NRCJ subsidiary sold its operating assets in January 2003 and the Company has been receiving its revenues based on royalty income from a single customer in Japan. There is no assurance that the remaining royalty income will be sufficient to allow the Company to continue operations in the future.

**The Company May Not Have Adequate Resources to Continue Operations Unless A Successful Transaction Is Completed With A Merger Partner Or Additional Financing Can Be Obtained From Other Sources.**

At the present time the Company has limited resources available to continue operations other than maintaining day-to-day activities without any capabilities for expansion. The revenue received from royalties of its NRCJ subsidiary is sufficient to handle only maintenance administrative operations for the Company. In order to continue or expand operations, it may be necessary to obtain additional funding through financing activities or merger with another entity.

There is no assurance that the Company will be able to secure additional funding to continue operations and expand the business. There is no assurance that the proposed merger with VirnetX, as discussed in Item I in this report, will take place.

**Ownership Of The Company Is Concentrated In One Majority Stockholder Who Has The Power To Control Substantially All Matters Requiring Stockholder Approval, Including Delaying Or Preventing A Change In Corporate Control Or Taking Other Actions Which Other Shareholders May Not Want.**

One stockholder beneficially owns approximately 60% of the Company's outstanding common stock. That stockholder has the power 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, the majority stockholder could approve or cause the Company to take actions which are contrary to the interests of other shareholders.

**ITEM 3. CONTROLS AND PROCEDURES**

Under the supervision and with the participation of the Company's principal executive and principal financial officer, the Company conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports under the Exchange Act are processed and reported within the time periods specified by law. The design of any such system of controls is based in part on assumptions about the likelihood of future events, and there can be no assurance that any such system of controls will succeed in all circumstances.

Since the date of the evaluation described above, there have been no significant changes in our internal controls or in other factors that could significantly affect these controls.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

**The Company is not currently involved in any litigation**

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**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**

**Exhibits**

- 31.1 Rule 13a-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13a – 14(a) Certification of Chief Financial Officer
- 32.1 32.1 Section 1350 Certification of Chief Executive Officer
- 32.2 Section 1350 Certification of Chief Financial Officer

**Reports on Form 8-K - None**



## 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: May 10, 2007**

**PASW, INC.**

/s/ WILLIAM E. SLINEY

William E. Sliney

President and Chief Financial Officer

(Duly Authorized Officer and Principal

Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Glenn P. Russell, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2007;

2. Based on my knowledge, this 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 period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer 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 report is being prepared;

(b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986.]

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this 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 officer(s) 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 registrant's board of directors (or persons performing the equivalent function):

(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: May 10, 2007

Glenn P Russell, Chairman and Chief Executive Officer

/s/ Glenn P. Russell

(Principal Executive Officer)



**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, William E. Sliney, certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended March 31, 2007;
2. Based on my knowledge, this 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer 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 report is being prepared;
  - (b) [Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986.]
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this 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 officer(s) 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 registrant's board of directors (or persons performing the equivalent function):

(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: May 10, 2007

/s/ **William E. Sliney**

William E. Sliney President and Chief Financial  
Officer (Principal Financial Officer)



EXHIBIT 32.1

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-QSB of the Company for the quarter ended March 31, 2007 (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.

Date: May 10, 2007

Glenn P Russell, Chairman and Chief Executive Officer

/s/ Glenn P. Russell

(Principal 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-QSB of the Company for the quarter ended March 31, 2007 (the "*Report*") fully complies with the requirements of Section 13(a) 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.

Date: May 10, 2007

/s/ William E. Sliney

William E. Sliney President and Chief Financial  
Officer (Principal 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.