



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, 2006**

**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 (I.R.S. Employer Identification No.)  
or organization)**

**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 (X)**

**There were 4,997,400 shares outstanding of the registrant's Common Stock, par  
value \$.001 per share, as of November 8, 2006.**

**Transitional Small Business Disclosure Format (check one): [ ] Yes [X] No**

PASW, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PASW, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2006 (unaudited)	December 31, 2005
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 300,128	\$ 268,271
Accounts receivable, net of allowance of \$0 and \$0	8,932	17,501
<b>Total current assets</b>	<b>309,060</b>	<b>285,772</b>
Property and equipment, less accumulated depreciation of \$1,330 and \$703	1,852	1,826
Other assets	3,063	3,063
<b>Total assets</b>	<b>\$313,975</b>	<b>\$290,661</b>

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2006 (unaudited)	December 31, 2005
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 54,312	\$ 72,311
<b>Total current liabilities</b>	<b>54,312</b>	<b>72,311</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
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; 4,997,400 and 4,997,400 shares issued and outstanding	4,998	4,998
Additional paid-in capital	6,398,754	6,398,754
Accumulated deficit	(6,103,916)	(6,147,083)
Cumulative adjustment for currency translation	(40,173)	(38,319)
<b>Total stockholders' equity</b>	<b>259,663</b>	<b>218,350</b>
	<b>\$ 313,975</b>	<b>\$ 290,661</b>

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months Ended	
	September 30, 2006	September 30,2005
Revenue - Royalties	\$ 33,563	\$ 56,972
Expenses - Selling, general and administrative	36,541	21,732
Income (loss) from operations	(2,978)	35,240
Income taxes	11,432	7,781
Net income (loss)	\$ (14,410)	\$ 27,459
Net income 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 consolidated financial statements.

PASW, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME (LOSS)

(Unaudited)

	For the Three Months Ended	
	September 30, 2006	September 30, 2005
Net income (loss)	\$ (14,410)	\$ 27,459
Other comprehensive income:		
Foreign currency translation adjustment	(4,671)	7,942
Comprehensive income (loss)	\$ (19,081)	\$ 35,401

See accompanying notes to condensed consolidated financial statements.

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

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2006</b>	<b>September 30,2005</b>
<b>Revenue - Royalties</b>	<b>\$ 154,580</b>	<b>\$ 165,951</b>
<b>Expenses - Selling, general and administrative</b>	<b>99,981</b>	<b>82,652</b>
<b>Income from operations</b>	<b>54,599</b>	<b>83,299</b>
<b>Income taxes</b>	<b>11,432</b>	<b>7,781</b>
<b>Net income</b>	<b>\$ 43,167</b>	<b>\$ 75,518</b>
<b>Net income per common share: Basic and Diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>
<b>Weighted average common stock shares outstanding Basic and Diluted</b>	<b>4,997,400</b>	<b>4,997,400</b>

See accompanying notes to condensed consolidated financial statements.



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

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2006</b>	<b>September 30, 2005</b>
<b>Net income</b>	<b>\$ 43,167</b>	<b>\$ 75,518</b>
<b>Other comprehensive income:</b>		
<b>Foreign currency translation adjustment</b>	<b>(3,393)</b>	<b>(31,140)</b>
<b>Comprehensive income</b>	<b>\$ 39,774</b>	<b>\$ 44,378</b>

See accompanying notes to condensed consolidated financial statements.

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

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2006</b>	<b>September 30, 2005</b>
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	<b>\$ 43,167</b>	<b>\$ 75,518</b>
<b>Depreciation</b>	<b>627</b>	<b>-</b>
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
<b>(Increase) decrease in assets:</b>		
<b>Accounts receivable</b>	<b>8,569</b>	<b>7,630</b>
<b>Prepaid expenses</b>		<b>5,463</b>
<b>Increase (decrease) in liabilities:</b>		
<b>Accounts payable and accrued expenses</b>	<b>(17,999)</b>	<b>(3,727)</b>
<b>Net cash used in operating activities</b>	<b>34,364</b>	<b>84,884</b>
<b>Cash flows from investing activities - Purchase of fixed assets</b>	<b>(652)</b>	<b>-</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Effect of exchange rate changes on cash</b>	<b>(1,855)</b>	<b>(24,900)</b>
<b>Net increase (decrease) in cash</b>	<b>31,857</b>	<b>59,984</b>
<b>Cash – Beginning</b>	<b>268,271</b>	<b>190,048</b>
<b>Cash – Ending</b>	<b>\$ 300,128</b>	<b>\$ 250,032</b>

**Supplemental non-cash financing activities: None**

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

**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 2005 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on March 31, 2006, 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 a former NRCJ customer.

**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.

## 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

The Company has adopted Statement of Financial Accounting Standard 123R, "Share Based Payment" (SFAS 123R) as of January 1, 2006. SFAS 123R requires all share based compensation, including grants of stock options, to be recognized in the statement of operations as an operating expense, based on fair values. Prior to adoption of SFAS 123R, the Company accounted for stock-based compensation for employees in accordance with Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" The Company has adopted the prospective method in adopting 123R, so there is no restatement of prior periods.

The Company valued the 1,202,674 warrants issued in 2001 using the Black Sholes option pricing model with the following assumptions: interest rate of 4.5%, life of 5 years, volatility of 145% and expected dividend yield of -0-%. The per warrant fair value is \$0.10 and a total expense of \$124,781 was recorded during 2001. The options and warrants expired on September 20, 2006.

The following is a summary of stock options and warrants as of September 30, 2006:

	Average Exercise		
	Shares	Price	Expired
Outstanding December 31, 2005	1,202,674	\$0.25	
Granted	-	-	-
Exercised	-	-	-
Canceled or expired on 9/20/06	1,202,674	-	9/20/06
Outstanding, September 30, 2006	0	\$0.00	-

## 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. The exercise of the options at a price greater than the current market would have an anti-dilutive effect.

## Computation of Weighted Average Common Shares Outstanding

	Total Number of Shares	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006
Outstanding shares as of January 1, 2005	4,997,400	4,997,400	4,997,400
Options available as Common Stock	1,202,674	0	0
<b>Total potential weighted average shares outstanding</b>			
Since the option strike price is greater than the current market price, actual conversion would have an anti dilutive effect	6,200,074	4,997,400	4,997,400
<b>Net income</b>		<b>\$43,167</b>	<b>\$75,518</b>
<b>Net income per common share basic and diluted</b>		<b>\$0.01</b>	<b>\$0.02</b>

**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,	
	2006	2005	2006	2005
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	108.87	38.15	64.68	49.81
	0.00	0.00	0.00	0.00
Income (loss) from operations	(8.87)	61.85	35.32	50.19
Income taxes	34.06	13.65	7.39	4.69
Net income (loss)	(42.93)%	48.20%	27.93%	45.50%

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,	2005	For the Nine Months Ended September 30,	2005
	2006	2005	2006	2005
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, 2006 and 2005.**

**Net revenue**

For the three months ended September 30, 2006 our royalty revenues decreased 41% to \$33,563 from \$56,972 for the three months ended September 30, 2005. Our revenue for both 2006 and 2005 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, 2006 or 2005.

**Selling, general and administrative**

Our selling, general and administrative expense for the three months ended September 30, 2006 was \$36,541, which included \$9,246 in consulting fees for analysis of a reverse merger or other financial transaction activities, and \$209 for depreciation compared to \$21,732 and \$0 for depreciation for the three months ended September 30, 2005. The general and administrative expenses consist of processing royalty fees and paying taxes

by an outside accounting firm in Japan and the continuing expenses of our corporate office.

### **Other income and expenses**

We had no other income or expense items in the three months ended September 30, 2006 or 2005.

### **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 Net Operating Loss Carryforward we had no US income tax liability for the three months ended September 30, 2006.

### **Nine months ended September 30, 2006 and 2005.**

#### **Net revenue**

For the nine months ended September 30, 2006 our royalty revenues decreased 7% to \$154,580 from \$165,951 for the nine months ended September 30, 2005. Our revenue for both 2006 and 2005 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, 2006 or 2005.

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

Our selling, general and administrative expense was \$99,981, including \$627 for depreciation, for the nine months ended September 30, 2006 compared to \$82,652 and \$0 for depreciation for the nine months ended September 30, 2005. The general and administrative 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.



### **Other income and expenses**

We had no other income or expense items in the nine months ended September 30, 2006 or 2005.

### **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 Net Operating Loss Carryforward we had no US income tax liability for the nine months ended September 30, 2005

### **Liquidity and capital resources**

At September 30, 2006 and December 31, 2005 we had working capital of \$245,816 and \$213,461 and cash and cash equivalents of \$300,128 and \$268,271.

We generated \$34,364 in cash flow from operating activities in the nine months ended September 30, 2006 compared to \$84,884 in the nine months ended September 30, 2005. The principal reasons for the decrease in use of cash of \$50,520 was the result of a decrease in net income of \$32,351, an increase of \$ 939 in accounts receivable and a decrease of \$14,272 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 had investing activities of \$652 in the nine months ended September 30, 2006 and none in 2005.

We did not have any financing activities in the nine months ended September 30, 2006 or 2005.

### **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, 2005, 2004, 2003 and 2002. If we do not develop a long-term business strategy, our reliance on one customer relationship will eventually result in the termination of our business.**

We reported loss of \$36,093 in 2002, a profit of \$70,032 for 2003, a profit of \$65,124 in 2004 and a profit of \$120,524 in 2005. We also have an accumulated deficit of \$6,147,083 and a stockholders' equity of \$218,350 as of December 31, 2005. We can provide no assurance we will be profitable in the future and if we do not continue to be 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). 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.

**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.

#### **ITEM 4. CONTROLS AND PROCEDURES**

Under the supervision and with the participating of our Chief Executive and Financial Officers, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing of this report. Based on this evaluation, our Chief Executive and Financial Officers 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**

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 –**

Exhibit 31.1 – Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended

Exhibit 31.2 - Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended

Exhibit 32.1 – Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32.2 – Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

#### **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: November 13, 2006**

**PASW, INC.**

**/s/ WILLIAM E. SLINEY**

**William E. Sliney**

**President and Chief Financial Officer**

**(Duly Authorized Officer and Principal**

**Financial and Accounting Officer)**

CERTIFICATION

PASW, Inc. - Principal Executive Officer

I Glenn P Russell, the principal executive officer of PASW, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended September 30, 2006;

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: November 13, 2006

/s/ **Glenn P. Russell**

Glenn P Russell, Chairman

**CERTIFICATION**

PASW, Inc. - Principal Financial Officer

I William E. Sliney, the principal financial officer of PASW, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB for the quarter ended September 30, 2006;

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: November 13, 2006

/s/ **William E. Sliney**

William E. Sliney, Chief 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-Q of the Company for the quarter ended September 30, 2006 (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: November 13, 2006

/s/ **Glenn P. Russell**

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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, 2006 (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.

Dated: November 13, 2006

/s/ **William E Sliney**

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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.