

PACIFIC SOFTWARE, INC.
Form 10-Q
May 13, 2011

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

FORM 10-Q

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

For the quarterly period ended March 31, 2011

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

For the transition period from _____ to _____

Commission File Number: 001-34379

PACIFIC SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

41-2190974
(I.R.S. Employer Identification No.)

123 West Nye Lane, Suite 129, Carson
City, Nevada **89706**
(Address of principal executive offices) (Zip Code)

(714) 966-8807
(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 Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 4,049,000 shares of common stock issued and outstanding at March 31, 2011.

PACIFIC SOFTWARE, INC.

FORM 10-Q

QUARTERLY PERIOD ENDED MARCH 31, 2011

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A Note About Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations. These statements may be identified by their use of words like plans, expect, aim, believe, projects, anticipate, intend, estimate, could and other expressions that indicate future events and trends. All statements that address expectations or

projections about the future, including statements about our business strategy, expenditures, and financial results, are forward-looking statements. We believe that the expectations reflected in such forward-looking statements are accurate. However, we cannot assure you that such expectations will occur.

Actual results could differ materially from those in the forward looking statements due to a number of uncertainties including, but not limited to, those discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations. Factors that could cause future results to differ from these expectations include general economic conditions; further changes in our business direction or strategy; competitive factors; market uncertainties; and an inability to attract, develop, or retain consulting or managerial agents or independent contractors. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives requires the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements. You should not unduly rely on these forward-looking statements, which speak only as of the date of this Quarterly Report. Except as required by law, we are not obligated to release publicly any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

ART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PACIFIC SOFTWARE INC.
(A Development Stage Company)
CONDENSED BALANCE SHEETS

	March 31, 2011 unaudited	September 30, 2010 audited
ASSETS		
Current		
Cash	\$ 0	\$ 0
Equipment Note 4	0	0
Technology rights Note 5	0	0
	\$ 0	\$ 0
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 39,608	\$ 32,150
Accrued interest related parties	2,502	907
Due to related party Notes 5 and 7	46,191	31,656
	88,301	64,713
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Capital stock Note 6		
Authorized:		
100,000,000 common shares authorized, \$0.001 par value		
10,000,000 preferred shares, \$0.001 par value		
Issued and outstanding		
4,049,000 common shares, as of March 31, 2011 and September 30, 2010	4,049	4,049
Additional paid-in capital	142,841	142,841
Share subscriptions receivable	0	0
Deficit accumulated during the development stage	(235,191)	(211,603)
Total Stockholders' Equity	(88,301)	(64,713)

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Total Liabilities and Stockholders' Equity	\$	0	\$	0
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Going concern Note 1

PACIFIC SOFTWARE INC.(A Development Stage
Company)**CONDENSED
STATEMENTS OF
OPERATIONS**

	Three months ended		Six months ended		October 12, 2005
	March 31,		March 31,		(inception)
	2011	2010	2011	2010	to March 31, 2011
Expenses					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ 532
Impairment of technology rights	-	-	-	-	14,151
Interest	798	31	1,596	49	4,709
Management fees	1,500	-	3,000	-	22,685
Office and general	-	236	-	236	5,992
Professional fees	13,667	10,200	17,707	10,200	172,582
Transfer and filing fees	1,034	702	1,285	1,242	9,340
Website development	-	-	-	-	5,250
Net loss	\$ (16,999)	\$ (11,169)	\$ (23,588)	\$ (11,727)	\$ (235,241)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Weighted average number of shares outstanding basic and diluted	4,049,000	4,049,000	4,049,000	4,049,000	

PACIFIC SOFTWARE INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	Six months March 31, 2011	Six months March 31, 2010	October 12, 2005 (inception) to March 31, 2011
Operating Activities			
Net loss	\$ (23,588)	\$ (11,727)	\$ (235,241)
Adjustments to reconcile net loss to net cash used in operating activities			
Accounts Payable	7,458	(5,302)	39,608
Depreciation	0	0	104
Impairment of technology rights	0	0	
Management fees accrued	0	0	
Accrued Interest	1,595	0	2,502
Change in non-cash working capital items			0
Change in Related Party notes	0	(14,875)	4,775
Write-off of Equipment	0	528	0
APIC Adjustment	0	27,961	27,961
	(14,535)	(3,415)	(160,291)
Investing Activities			
Purchase of equipment	0	0	0
	0	0	0
Financing Activities			
Proceeds from issuance of common stock	0	0	114,100
Advances from (repayments to) related party	14,535	1,563	46,191
Cash used in settlement of promissory note			
	14,535	1,563	160,291
Increase (decrease) in cash	0	(1,852)	0
Cash, beginning	0	1,852	0
Cash, ending	\$ 0	\$ 0	\$ 0

Supplementary disclosure of cash flow information:

Cash paid for:

Interest	\$	0	\$	0	\$	2,074
Income taxes	\$	0	\$	0	\$	0

NOTES

PACIFIC SOFTWARE INC.

(A Development Stage Company)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

March 31, 2011

Note 1

Nature and Continuance of Operations

Basis of presentation

The accompanying interim condensed financial statements are unaudited, but in the opinion of management of Pacific Software, Inc. (the Company), contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at March 31, 2011, the results of operations for the three months ended March 31, 2011 and 2010 and cash flows for the three months ended March 31, 2011 and 2010 and from date of inception (October 12, 2005) to March 31, 2011. The balance sheet as of September 30, 2010 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2010, as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

The results of operations for the six months ended March 31, 2011 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending September 30, 2011.

Description of business

The Company was incorporated in the State of Nevada, United States of America on October 12, 2005 and its fiscal year end is September 30. The Company is in the development stage and had acquired the rights to a software package named LargeFilesASAP software and the LargeFilesASAP.com domain name. To date no revenues have been generated. The Company has ceased pursuing its software venture, returned the rights to a related party in exchange for assumption of debt, and is currently in the market for an acquisition or merger.

Going Concern

These financial statements have been prepared on a going concern basis. The Company has accumulated a deficit of \$235,191 since inception and further losses are anticipated in developing the Company's business plans. The ability to continue as a going concern is dependent upon raising the necessary capital to develop its business, to meet its obligations and repay its liabilities arising from normal business operations when they come due and ultimately upon generating profitable operations. The outcome of these matters cannot be predicted with any certainty at this time. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management plans to continue to provide for its capital needs by the issuance of common stock and related party advances. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

Note 2

Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may vary from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Development Stage Company

The Company is a development stage company. All losses accumulated since inception have been considered as part of the Company's development stage activities.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments consisting of cash and amounts due to related parties approximate their carrying value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Equipment

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

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

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring management's estimates and assumptions are the valuation of technology rights and deferred tax balances.

Technology rights

Software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until commercial operations have commenced. These capitalized costs are subject to an ongoing assessment of recoverability based on anticipated future revenues and changes in hardware and software technologies. Software development costs capitalized include direct labour and purchased software expenses incurred after technological feasibility has been established. Amortization of capitalized application software development costs begins upon the commencement of commercial operations. Capitalized costs will be amortized over the estimated product life of three to five years, using the greater of the straight-line method or the ratio of current product revenues to total projected future revenues. At the balance sheet date, management evaluates the net realizable value of the capitalized costs and adjusts the current period amortization for any impairment of the capitalized asset value. In October 2006, the Company capitalized direct costs incurred in the acquisition of its proprietary application software totalling \$14,152 (CAD \$15,900). The net book value of capitalized application software is reviewed annually for impairment. During the year ended September 30, 2009, the Company recorded an impairment in value of \$14,151 resulting in the technology rights having a carrying value of \$1.

Note 3

Financial Instruments

The Company adopted new authoritative guidance on October 1, 2008 for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the guidance expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 inputs are based upon significant observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The carrying value of the Company's financial assets and liabilities which consist of cash, accounts payable and accrued liabilities and promissory note payable, in management's opinion approximate their fair value due to the short maturity of such instruments. These financial assets and liabilities are valued using level 1 inputs. Unless otherwise

noted, it is management's opinion that the Company is not exposed to significant interest, exchange or credit risks arising from these financial instruments.

Note 4

Technology Rights

Pursuant to an Assignment Agreement dated October 30, 2006 (the Agreement), the Company acquired from the president of the Company a 100% undivided right in and to a LargeFilesASAP software package, all rights, title and interest in and to the LargeFilesASAP.com domain, and all intellectual property rights related to LargeFilesASAP products and trademarks for \$14,152 (CAD\$15,900). The \$14,152 was paid by way of a promissory note bearing interest at 8% per annum and payable on demand. During the year ended September 30, 2008 the Company repaid the promissory note. During the year ended September 30, 2009, the Company recorded an impairment in value of \$14,151 resulting in the technology rights having a carrying value of \$1. (2008 - \$14,152). As of December 31, 2009, the technology rights were deeded back to the departing CEO in exchange for forgiveness of indebtedness.

As of March 31, 2011, the Company owns no technology rights.

Note 5

Capital Stock

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

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

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

On December 5, 2009, the company received back and cancelled 3,840,000 from the former president. Also on December 5, 2009, the company issued 3,840,000 shares of restricted stock to 4 related parties, at par value. As of March 31, 2010, the company has 4,049,000 shares issued and outstanding.

As of March 31, 2011, the Company has not granted any stock options or recorded any stock-based compensation.

Note 6

Related Party Transactions

At September 30, 2009, the President of the Company had made cash advances of \$15,000 (2008 - \$0). These amounts were unsecured, without interest, with no specified repayment terms.

By agreement dated September 30, 2006, the President of the Company or his private company provided management services to the Company at \$424 per month including GST. On January 1, 2008 this agreement was renegotiated to the amount of \$525 including GST. During the year ended September 30, 2009, management services of \$6,300 (2008 - \$5,997) were charged to operations. At September 30, 2009, \$3,150 was owing to the President's private company (2008 - \$1,575).

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

In December 2009, the President of the Company agreed to take the computer asset and the technology rights in exchange for forgiveness of indebtedness owed to him and the return and cancellation of his 3,480,000 shares of stock. In December 2009, the Company issued 3,480,000 shares of restricted stock to four related parties at par value. As of March 31, 2010, the Company has 4,049,000 shares issued and outstanding.

As of March 31, and 2011 and 2010, related parties had made outstanding loans to the Company of \$46,191 and \$4,775, respectively, for operational expenses.

ITEM 2. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements.

The following discussion may contain certain forward-looking statements. Such statements are not covered by the safe harbor provisions. These statements include the plans and objectives of management for future growth of the Company, including plans and objectives related to the consummation of acquisitions. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

The words we, us and our refer to the Company. The words or phrases would be, will allow, intends to, result, are expected to, will continue, is anticipated, estimate, project, or similar expressions are intended to forward-looking statements. Actual results could differ materially from those projected in the forward looking statements as a result of a number of risks and uncertainties, including but not limited to: (a) limited amount of resources devoted to achieving our business plan; (b) our failure to implement our business plan; (c) our strategies for dealing with negative cash flow; and (d) other risks that are discussed in this report or included in our previous filings with the Securities and Exchange Commission.

THE FOLLOWING PRESENTATION OF OUR MANAGEMENT S DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION INCLUDED ELSEWHERE IN THIS REPORT.

General.

We were formed as Pacific Mining, Inc., a Nevada corporation, on October 12, 2005. On November 28, 2006, we changed our name to Pacific Software, Inc. and were engaged in the business of developing and marketing a large file transfer software package named LargeFilesASAP. In December 2009, our management changed and the new management discontinued our business of developing and marketing LargeFilesASAP.

Our Business.

In December 2009, we ceased operations, and have been, and are now, focusing our efforts on seeking a business opportunity. The Company will attempt to locate and negotiate with a business entity for the merger of that target company into the Company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute assets to the Company rather than to merge. No assurances can be given that the Company will be successful in locating or negotiating with any target company. The Company will provide a method for a foreign or domestic private company to become a reporting (public) company whose securities are qualified for trading in the United States secondary market.

Plan of Operation.

We are a start-up, development stage corporation and have not yet generated or realized any revenues from our business operations. The Company intends to seek, investigate, and if warranted, acquire an interest in a business opportunity. We are not restricting our search to any particular industry or geographical area. We may therefore engage in essentially any business in any industry. Our management has unrestricted discretion in seeking and participating in a business opportunity, subject to the availability of such opportunities, economic conditions and other factors.

Results of Operations for the Three-Month Periods Ended March 31, 2011 and March 31, 2010.

We did not generate any revenue for the three-month period ended March 31, 2011 or for the same period in 2010. Our expenses were \$16,999 for the three-month period ended March 31, 2011, compared to \$11,169 for the same period in 2010. From inception to March 31, 2011, our expenses were \$235,191. Our expenses primarily consisted of professional and management fees in the current period as opposed to transfer agent and filing fees in the prior period. Our professional fees were, to a large extent, to our auditors and legal counsel for certain U.S. and Canadian regulatory filings.

Liquidity and Capital Resources

At December 31, 2011, we had no cash and our total current liabilities consisted of \$88,301 in accounts payable, of which \$48,693 (including \$2,502 in interest) was due to a related party for operational expenses and \$39,608 was due to various other third parties. We do not anticipate any capital expenditures in the next 12 months.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

ITEM 4T. CONTROLS AND PROCEDURES.

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2010. There has been no change in the Company's internal control over financial reporting during the quarter ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS.

Exhibit	Description of Exhibit
31.1*	Certification of President pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1* Certification of President pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*

Filed herewith.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PACIFIC SOFTWARE, INC.

(Registrant)

May 12, 2011

/s/ Bruce Thomsen
Bruce Thomsen
President, Secretary, and
Director