

PAY88
Form 10QSB
August 14, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-51793

PAY88, INC.

(Exact name of small business issuer as specified in its charter)

Nevada
(State of incorporation)

20-3136572
(IRS Employer ID Number)

1053 North Barnstead Road
Barnstead, NH 03225
(Address of principal executive offices)

(603) 776-6044
(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) 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 shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of common stock outstanding as of August 14, 2007: 10,100,000 shares of common stock, \$0.001 par value; and 5,000,000 shares of Series A Convertible Preferred Stock, \$0.001 par value, such shares being convertible, on a per share basis, into 2.8 shares of common stock, and in the aggregate, to 14,000,000 shares of common stock.

Transitional Small Business Format Yes No

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PART I.
FINANCIAL INFORMATION

Item 1. Financial Statements.

PAY88, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 2007
(Unaudited)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	19,574
Accounts Receivable, Net of Allowances of \$2,268		88,450
Inventories		288,630
Deposits on Inventories		331,555
Prepaid Expenses		10,780
Total Current Assets		738,989
Property and Equipment, Net		493,052
Total Assets	\$	1,232,041

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$	133,252
Deferred Income		2,347
Loans Payable - Related Party		865,057
Loans Payable - Other		148,088
Total Current Liabilities		1,148,744

Long-Term Debt:

Note Payable - Related Party		80,385
Total Liabilities		1,229,129

Commitments and Contingencies:

Stockholders' Equity:

Preferred Stock, \$.001 par value; 5,000,000 shares authorized, 5,000,000 shares issued and outstanding; liquidation preference, \$.01 per share	5,000
Common Stock, \$.001 par value; 100,000,000 shares authorized, 10,100,000 shares issued and outstanding	10,100
Additional Paid-In Capital	535,627
Accumulated Deficit	(570,301)

Accumulated Other Comprehensive Income (Loss)	22,486
Total Stockholders' Equity	2,912
Total Liabilities and Stockholders' Equity	\$ 1,232,041

The accompanying notes are an integral part of these financial statements.

PAY88, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	<u>For the Six</u> <u>Months Ended</u> <u>June 30, 2007</u>	<u>For the Three</u> <u>Months Ended</u> <u>June 30, 2007</u>	<u>For the Period</u> <u>April 24, 2006</u> <u>(Inception) To</u> <u>June 30, 2006</u>
Sales-Net	\$ 2,345,236	\$ 1,242,455	\$ —
Cost of Sales	2,299,774	1,212,400	—
Gross Profit	45,462	30,055	—
Operating Expenses:			
Selling Expenses	12,609	8,797	—
Salaries and Related Costs	116,628	70,701	10,397
Website Development Costs	27,196	13,598	—
Professional Fees	43,586	15,228	40,101
Other General and Administrative Expense	100,975	46,850	1,049
Total Operating Expenses	300,994	155,174	51,547
Loss from Operations	(255,532)	(125,119)	(51,547)
Other Income (Expense):			
Interest Expense - Related Party	(15,843)	(12,250)	—
Interest Income	259	181	251
Total Other Income (Expense)	(15,584)	(12,069)	251
Loss before Provision for Income Tax	(271,116)	(137,188)	(51,296)
Provision for Income Tax	1,421	521	—
Net Loss	\$ (272,537)		