

PAY88
Form 10QSB
November 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 September 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 November 13, 2007 is 30,766,666 shares of common stock, \$0.001 par value.

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
SEPTEMBER 30, 2007
(Unaudited)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	523,063
Accounts Receivable, Net of Allowances of \$1,813		71,646
Inventories		502,250
Deposits on Inventories		237,861
Prepaid Expenses		14,854

Total Current Assets		1,349,674
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Property and Equipment, Net		491,354
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Other Assets:

Deferred Finance Costs, Net		94,333
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Total Assets	\$	1,935,361
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts Payable	\$	210,863
Convertible Notes Payable, Net of Unamortized Discount of \$505,005		72,495
Note Payable - Related Party		80,385
Loans Payable - Related Parties		873,910
Loans Payable - Other		176,887

Total Current Liabilities		1,414,540
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Long-Term Debt:

Convertible Notes Payable, Net of Unamortized Discount of \$505,005		72,495
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Total Liabilities		1,487,035
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Commitments and Contingencies		
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Stockholders' Equity:

Preferred Stock, \$.001 par value; 5,000,000 shares authorized, 5,000,000		
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		5,000
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shares issued and outstanding; liquidation preference, \$.01
per share

Common Stock, \$.001 par value; 100,000,000 shares
authorized,

16,766,666 shares issued and outstanding		16,767
Additional Paid-In Capital		11,315,877
Accumulated Deficit		(10,915,878)
Accumulated Other Comprehensive Income (Loss)		26,560
Total Stockholders' Equity		448,326
Total Liabilities and Stockholders' Equity	\$	1,935,361

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

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

	September 30, 2007	For the Three Months Ended September 30, 2006	For the Nine Months Ended September 30, 2007	For the Period April 24, 2006 (Inception) To September 30, 2006
Sales - Net	\$ 1,345,477	\$ 329,006	\$ 3,690,713	\$ 329,006
Cost of Sales	1,315,545	321,584	3,615,319	321,584
Gross Profit	29,932	7,422	75,394	7,422
Operating Expenses:				
Equity Based Consulting Fees	10,133,332	-	10,133,332	-
Selling Expenses	4,101	23,273	16,710	23,273
Salaries and Related Costs	70,196	26,058	186,824	36,455
Website Development Costs	13,598	-	40,794	-
Professional Fees	19,979	41,035	63,565	81,136
Other General and Administrative Expenses	56,739	27,491	157,714	28,541
Total Operating Expenses	10,297,945	117,857	10,598,939	169,405
Loss from Operations	(10,268,013)	(110,435)	(10,523,545)	(161,983)
Other Income (Expense):				
Interest Expense	(69,030)	-	(77,168)	-
Interest Expense - Related Party	(4,496)	(581)	(12,203)	