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 June 30, 2000

OR

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

Commission file number 333-75137

PASW, INC.
Formerly Pacific Softworks, Inc.
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)

77-0390628 (I.R.S. Employer Identification No.)

703 Rancho Conejo Boulevard
Newbury Park, California 91320
(Address of principal executive offices) (Zip Code)

(805) 499-7722
(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 _ X__ No____

There were 4,500,900 shares outstanding of the registrant's Common Stock, par value $.001 per share, as of August 10, 2000.

PASW, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PASW, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2000	December 31, 1999
ASSETS		
Current assets		
Cash and cash equivalents	$ 717,156	$1,661,708
Accounts receivable, net of allowance of $72,986 and $72,986	102,301	175,751
Note receivable		1,000,000
Prepaid expenses and other current assets	53,688	75,753
Total current assets	873,145	2,913,212
Property and equipment less accumulated depreciation and amortization of $474,299 and $426,589	318,032	241,003
Investments	1,000,000	
Other assets	19,038	13,193
Total assets	$2,210,215	$3,167,408

See accompanying notes to condensed financial statements.

PASW, INC.
CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2000	December 31, 1999
LIABILITIES AND STOCKHOLDERS'EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 310,758	$ 390,546
Total current liabilities	310,758	390,546
Deferred revenues	143,164	149,872
Commitments and contingencies		
Minority interest	1,400	
Stockholders' equity		
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; 4,500,900 and 4,402,500 shares issued and outstanding	4,501	4,403
Additional paid in capital	5,939,750	5,042,624
Retained earnings (deficit)	(4,293,866)	(2,445,615)
Cumulative adjustment for currency translation	104,508	25,578
Total stockholders' equity	1,754,893	2,626,990
	$2,210,215	$3,167,408

See accompanying notes to condensed financial statements.

PASW, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Net revenue				
Sales	$ 369,318	$ 495,678	$ 927,920	$1,208,737
Royalties and others	133,565	151,711	235,000	210,302
Total	502,883	647,389	1,162,920	1,419,039
Cost of revenue				
Purchases and royalty fees	11,024	44,923	48,648	75,259
Gross profit	491,859	602,466	1,114,272	1,343,780
Expenses				
Selling, general and administrative	930,837	541,476	1,759,660	922,291
Research and development	537,526	354,145	1,155,153	677,969
Depreciation and amortization	18,214	13,460	47,710	26,920
Former officers consulting and administrative expense		97,905		180,585
Total	1,486,577	1,006,986	2,962,523	1,807,765
Net loss	$ (994,718)	$ (404,520)	$(1,848,251)	$(463,985)
Net loss per common share Basic and diluted	$ (0.21)	$ (0.12)	$ (0.40)	$ (0.14)
Weighted average common stock shares outstanding Basic and diluted	4,640,900	3,440,000	4,606,345	3,409,613

See accompanying notes to condensed financial statements.

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

PASW, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30, 2000	1999
Cash flows from operating activities		
Net loss	$(1,848,251)	$ (463,985)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	47,710	26,920
(Increase) decrease in assets:		
Accounts receivable	73,450	(130,426)
Related party receivable		43,000
Other receivables		(25,000)
Prepaid expenses	22,065	(22,180)
Other assets	(5,845)	
Deposits and trademarks		(518)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(79,788)	287,260
Related party payable		
Accrued taxes payable		(7,243)
Customer deposits		(23,100)
Deferred revenue	(6,708)	44,000
Net cash used in operating activities	(1,797,367)	(271,272)
Cash flows from investing activities		
Acquisition of fixed assets	(124,739)	(61,770)
Disposition of assets, net		1,254
Net cash used in investing activities	(124,739)	(60,516)
Cash flows from financing activities:		
Exercise of warrants	548,624	
Private placement of preferred stock	350,000	
Proceeds from borrowings		249,295
Repayment of borrowings		(103,705)
Deferred offering costs		(324,450)
Private placement of common stock		500,000
Net cash provided by financing activities	898,624	321,140
Effect of exchange rate changes on cash	78,930	(27,193)
Net decrease in cash	(944,522)	(37,841)
Cash - Beginning	1,661,708	224,031
Cash - Ending	$ 717,156	$ 186,190

Supplemental non-cash financing activities:
During the period ended June 30, 1999
Warrants valued at $200,000 were issued in
connection with the public offering.

See accompanying notes to condensed financial statements.

PASW, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) Basis of presentation

The accompanying unaudited consolidated financial statements of PASW, Inc. ("PASW", or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the Company's financial position at June 30, 2000, the results of operations for the three and six months ended June 30, 2000 and June 30, 1999, and the cash flows for the six months ended June 30, 2000 and June 30, 1999 are included. Operating results for the three and six month periods ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000.

The information contained in this Form 10-QSB should be read in conjunction with audited financial statements and related notes for the year ended December 31, 1999 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the "SEC") on March 29, 2000 and the unaudited financial statements as of March 31, 1999 filed as a part of the Company's Registration Statement on Form SB-2 filed with the Securities and Exchange Commission on July 29, 1999. (File 333-75137).

(2) Earnings per share

The Company adopted SFAS No. 128, "Earnings Per Share", during 1998. SFAS No. 128 requires presentation of basic and diluted earnings per share. Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts, such as stock options, to issue common stock were exercised or converted into common stock. All prior period weighted average and per share information has been restated in accordance with SFAS No. 128.

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

Cautionary Note Regarding Forward-Looking Statements

Except for historical information contained herein, the statements in this report (including without limitation, statements indicating that the Company "expects," "estimates," anticipates," or "believes" and all other statements concerning future financial results, product offerings, proposed acquisitions or combinations or other events that have not yet occurred) are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements involve known and unknown factors, risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. Those factors, risks and uncertainties include, but are not limited to: the positioning of the Company's products in the Company's market segments; the Company's ability to effectively manage its various businesses in a rapidly changing environment; the timing of new product introductions; sell-through of the Company's products; the continued emergence of the internet resulting in new competition and changing customer demands; the Company's ability to adapt and expand its product offerings in light of changes to and developments in the internet environment; growth rates of the Company's market segments; variations in the cost of, and demand for, customer service and technical support; price pressures and competitive environment; the possibility of programming errors or other "bugs' in the Company's software; the timing and customer acceptance of new product releases and services (including current users' willingness to upgrade from older versions of the Company's products); the consummation of possible acquisitions or combinations; and the Company's ability to integrate acquired or combined operations with its existing business and otherwise manage growth; and the Company's ability to generate or obtain additional capital resources to fund its operations and growth. Additional information on these and other risk factors are included in the "Factors That May Affect Future Results" section in the Company's Annual Report on Form 10-KSB filed with the SEC on March 29, 2000 and the risks discussed in the Company's other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgement, belief and expectations only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

General

The Company completed an initial public offering of 950,000 units consisting of one share of common stock and one warrant on July 29, 1999. An additional 142,500 units representing the underwriter's overallotment was sold on September 13, 1999. The Company develops and licenses software which enables internet and web based communications. The software products are embedded into systems and "information appliances" developed or manufactured by others. Information appliances are internet-connected versions of every day products such as telephones, fax machines, personal digital assistants and other digitally based devices. The Company has developed a new proprietary internet browser for use within independent, "non Windowsr" information appliances. The browser may be effectively placed in use without an operating system and does not require substantial amounts of memory. The Company began marketing the initial version of this browser during the first quarter of 2000.

The Company refined its strategic focus in the Fourth Quarter of 1999 in order to enhance its positioning and flexibility in the rapidly growing market for Internetworking technology and to improve the utilization of its assets and competencies. Key elements of the business strategy involve the segregation of the Company's core technology into separate business units and identifying strategic investment opportunities and/or associations with other operating companies. In conjunction with this strategy at the annual meeting on May 26, 2000 the Company changed its name to PASW, Inc.

Establishing separate business units for the core technology will facilitate the ability to develop and commercialize the underlying technology and will also allow for either private or public investment, joint ventures or mergers that are beneficial to such development and commercialization. Accordingly, the Company transferred the operating assets and technology that represented the historical business of the Company into two wholly owned subsidiaries. The technology and personnel responsible for the Internet and Web related software and software development tools now operate as Pacific Softworks. The technology and personnel responsible for the embedded Web browser and server now operate as PSI Web Technologies, Inc. During 1999 the Company also established iApplianceNet.com, a development stage company and a wholly owned subsidiary, to provide Internet-active merchandise and service store displays and the infrastructure that supports them.

The Company also commenced a program of identifying strategic investment opportunities and/or associations with operating companies that are compatible and complementary to the plan of operations. In accordance with this program, the Company made an investment in FSPNetwork, Inc. ("FSPN") in December 1999 and signed a letter of intent to invest in RedFlag, Inc. ("RedFlag") in early 2000. The goal of this strategy is to both increase shareholder value and to create an operating group of companies that have mutually beneficial technology and businesses. Future investments and/or associations, if any, will focus on companies that:

> have a strong Internet/Web presence that are synergistic with the Company's core businesses and that can utilize the Company's Internet and web technology in the implementation of their internet strategies;

> have a strong Internet/Web presence that are synergistic with the businesses of companies in which the Company has an investment/and or affiliation ("PSI network companies") and that can utilize the technology of the PSI network companies in the implementation of their internet strategies;

> present cross licensing opportunities for the Company's technology;

> are past the start-up phase of operations, have revenues and earnings and are near term candidates for an initial public offering; and

> can benefit from the Company's financial and operational resources in securing both private and public investment capital.

FSPNetwork, Inc.
On October 25, 1999 the Company and FSPNetwork, Inc ("FSPN") signed a Letter of Intent to enter into discussions with the purpose of entering a strategic relationship to jointly develop certain internet applications with financial institutions. The Company indicated that subject to entering into a definitive agreement it would invest up to $1,000,000 in FSPN and under certain conditions up to an additional $2,000,000. On October 25, 1999 the Company loaned FSPN $250,000 through a promissory note bearing interest at ten (10%) percent due in ninety days. The loan was for general corporate purposes. On December 3, 1999 the Company loaned FSPN an additional $750,000 and converted the $250,000 note evidenced by a $1,000,000 convertible promissory note. On April 28, 2000 the note was converted into 713,129 shares of Series A Preferred Stock of FSPN. The stock is equal to 5% of the outstanding capital stock of FSPN concurrent with FSPN's closing of an equity financing on the same time.

iApplianceNet
In March 2000, the Company's wholly owned subsidiary iApplianceNet completed a private placement of 140,000 shares of Series A redeemable convertible preferred stock for net proceeds of $350,000. The preferred shares carry a 5% dividend payable semi-annually in common shares of iApplianceNet valued at $2.50 per share.

Each share of preferred stock shall be convertible, at the option of the holder, into one fully paid and nonassessable share of Common Stock, subject to adjustment for stock splits and stock dividends. Each share of preferred stock will automatically convert into shares of Common Stock at the time of the earlier of (i) the closing of a firm commitment underwritten public offering of not less than $5,000,000, or (ii) the date specified by written consent or agreement of the holders of 60% percent of the outstanding shares of such series.

In the event that iApplianceNet has not been sold or closed a firm commitment underwritten public offering of not less than $5,000,000 within two years following the closing of the private placement, the preferred stock holders will have the option of converting their shares into common stock of PASW, Inc., the majority shareholder of iApplianceNet. The preferred shares will receive shares of PASW common stock based on the ratio of the cost of the preferred shares over 85% of the average per share closing price for PASW for 15 consecutive days. The value of the PASW shares used in the conversion calculation is limited to a range of $1.00 to $15.00.

The Company operates in one business segment. The Company's 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 Three Months Ended June 30,		Unaudited Six Months Ended June 30,	
	2000	1999	2000	1999
Net revenue	100.00%	100.00%	100.00%	100.00%
Cost of revenue	2.19	6.94	4.19	5.31
Gross profit	97.81	93.06	95.81	94.69
Selling, general and administrative	185.10	83.63	151.31	64.99
Research and development	106.89	54.71	99.33	47.78
Depreciation and Amortization	3.62	2.08	4.10	1.89
Former officer consulting and And administrative expense	0.00	15.12	0.00	12.73
Total operating expenses	295.61	155.54	254.74	127.39
Net loss from operations	(197.80)	(62.48)	(158.93)	(32.70)
Foreign currency translation adjustment	36.66	0.21	8.99	(1.91)
Comprehensive loss	(161.14%)	(62.27%)	(149.94%)	(34.61%)

The following table sets forth, for the periods indicated, the percentage of net revenue by principal geographic area to total revenue:

	Unaudited Three Months Ended June 30,		Unaudited Six Months Ended June 30,	
	2000	1999	2000	1999
United States	57%	53%	58%	48%
United Kingdom and Europe	14	20	22	32
Japan and Asia	28	26	19	19
Other	1	1	1	1
Total	100%	100%	100%	100%

Three months ended June 30, 2000 and 1999.

Net revenue

For the three months ended June 30, 2000 revenues decreased 22% to $502,883 from $647,389 for the three months ended June 30, 1999. Sales of licenses decreased 25% for the three months ended June 30, 2000 due to lower sales in the United Kingdom and North America. Royalty revenue decreased by 12% for the three months ended June 30, 2000 to $133,565 from $151,711 for the three months ended June 30, 1999 principally due to lower revenue in Japan.

Cost of revenue

The cost of revenue for the three months ended June 30, 2000 was $11,024 or 2.1% of sales compared to $44,923 or 6.9% of sales for the three months ended June 30, 1999. The decrease in cost of sales related to lower direct and indirect costs for production and duplication of manuals and media for software products charged against sales for the three months ended June 30, 2000.

Selling, general and administrative

Selling, general and administrative expense increased $389,361 to $930,837 for the three months ended June 30, 2000 from $541,476 for the three months ended June 30, 1999. This increase is the result of increases in the sales and marketing staffs which were expanded after the receipt of funds from the Company's initial public offering in July, 1999, and an increase in administrative costs for expenses associated with the Company becoming a public company. Because of the 22% decrease in net revenues the cost of these expenses as a percentage of revenue increased to 185% of net revenue for the three months ended June 30, 2000 from 84% for the three months ended June 30, 1999.

Research and development expense

Research and development expense increased to $537,526 or 106% of revenue for the three months ended June 30, 2000 from $354,145 or 55% of revenue for the three months ended June 30, 1999. The increase is principally attributable to a continuation of development of the Fast Track product line, the development of the FUSION WebPilot Micro BrowserT begun in 1998 and research and development expenses associated with the initial operation of the Company's iApplianceNet subsidiary.

Depreciation and amortization

Depreciation and amortization increased to $18,214 in the three months ended June 30, 2000 from $13,460 for the three months ended June 30, 1999. This increase was attributable to an increase of $28,640 in capital additions for the three months ended March 30, 2000 over capital additions of $32,534 in the three months ended June 30, 1999.

Former officer's consulting and administrative expense

The former officer's consulting and administrative expense decreased to zero for the three months ended June 30, 2000 from $97,905 for the three months ended June 30, 1999. This agreement plus an agreement not to compete and a consulting agreement with the former officer expired in September 1999.

Provision for taxes

Commencing in 1995 the Company 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 the Company terminated the S election and became subject to taxation at the corporate level. For the three months ended June 30, 2000 the Company had no income tax liability.

Six months ended June 30, 2000 and 1999.

Net revenue

For the six months ended June 30, 2000 revenues decreased 18% to $1,162,920 from $1,419,039 for the six months ended June 30, 1999. Sales of licenses decreased 23% for the six months ended June 30, 2000 due to lower sales in the United Kingdom. Royalty revenue increased by 11% for the six months ended June 30, 2000 to $235,000 from $210,302 for the six months ended June 30, 1999 principally due to higher royalty revenue in Japan.

Cost of revenue

The cost of revenue for the six months ended June 30, 2000 was $48,648 or 4.2% of sales compared to $75,259 or 5.3% of sales for the six months ended June 30, 1999. The decrease in cost of sales related to lower direct and indirect costs for production and duplication of manuals and media for software products charged against sales for the six months ended June 30, 2000.

Selling, general and administrative

Selling, general and administrative expense increased $837,369 to $1,759,660 for the six months ended June 30, 2000 from $922,291 for the six months ended June 30, 1999. This increase is the result of increases in the sales and marketing staffs which were expanded after the receipt of funds from the Company's initial public offering in July, 1999, and an increase in administrative costs for expenses associated with the Company becoming a public company. Because of the 18% decrease in net revenues the cost of these expenses as a percentage of revenue increased to 151% of net revenue for the six months ended June 30, 2000 from 65% for the six months ended June 30, 1999.

Research and development expense

Research and development expense increased to $1,155,153 or 99% of revenue for the six months ended June 30, 2000 from $677,969 or 48% of revenue for the six months ended June 30, 1999. The increase is principally attributable to a continuation of development of the Fast Track product line, the development of the FUSION WebPilot Micro BrowserT begun in 1998 and research and development expenses associated with the initial operation of the Company's iApplianceNet subsidiary.

Depreciation and amortization

Depreciation and amortization increased to $47,710 in the six months ended June 30, 2000 from $26,920 for the six months ended June 30, 1999. This increase was attributable to an increase of $62,969 in capital additions for the six months ended June 30, 2000 over capital additions of $61,770 in the six months ended June 30, 1999.

Former officer's consulting and administrative expense

The former officer's consulting and administrative expense decreased to zero for the six months ended June 30, 2000 from $180,585 for the six months ended June 30, 1999. This agreement plus an agreement not to compete and a consulting agreement with the former officer expired in September 1999.

Provision for taxes

Commencing in 1995 the Company 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 the Company terminated the S election and became subject to taxation at the corporate level. For the six months ended June 30, 2000 the Company had no income tax liability.

Liquidity and capital resources

At June 30, 2000 and December 31, 1999 the Company had working capital of $562,387 and $2,522,666 and cash and cash equivalents of $717,156 and $1,661,708.

The Company used $1,797,367 in cash flow from operating activities in the six months ended June 30, 2000 compared to using $271,272 in the six months ended June 30, 1999. The increase in use of cash of $1,526,095 for operating activities was the result of an increase of $73,450 in accounts receivable, an increase of $22,065 in other assets, a decrease in accounts payable and other accrued expenses of $79,788, a decrease of $5,845 in other assets, and a decrease of $6,708 in deferred revenue.

Investing activities in the six months ended June 30, 2000 consisted of purchase of fixed assets of $124,739 compared to the purchase of assets of $61,770 in the six months ended June 30, 1999.

The Company provided $898,624 from financing activities in the six months ended March 30, 2000 through the exercise of warrants of $548,624 and the investment of $350,000 through the private placement of preferred stock in the Company's iApplianceNet subsidiary. Financing activities for the six months ended March 30, 1999 consisted of $500,000 from a private placement of common stock, borrowings net of repayments of $145,590 and deferred offering costs of $324,450 associated with the Company's Initial Public Offering.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In April 1999 the Company was notified that a merchant banker, Golenberg & Co., had asserted rights under a June 1998 letter agreement to purchase 10% of the then outstanding common stock of the Company for $400,000. In June 1999 counsel for Golenberg & Co. reiterated this demand and advised the Company that these claims were being evaluated for possible legal action. To date no action has been taken by Golenberg & Co.

The Company is not currently involved in any litigation that is expected to have a material adverse effect on the Company's 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.

The Company's annual meeting of stockholders was held on May 26, 2000.

The directors elected at the meeting were:

	For	Withheld
Glenn P. Russell	1,471,238	3,165
Wayne Grau	1,471,038	3,365
Reuben Sandler Ph.D.	1,471,238	3,165

Approval of the name change of the corporation from Pacific Softworks, Inc to PASW, Inc.

For	Against	Abstain
1,463,426	7,777	3,200

Ratification of the appointment of Merdinger, Fruchter, Rosen and Corso, PC as independent auditors for the fiscal year end December 31, 2000

For	Against	Abstain
1,469,375	860	4,168

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following exhibits are included herewith:

Exhibit 11 - Weighted Average of Common Stock Shares Outstanding

Exhibit 27 - Financial Data Schedule

(b) The Company filed no reports on Form 8-K during the quarter for which this form is filed.

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: August 10, 2000

PASW, INC.

/s/ WILLIAM E. SLINEY

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

EXHIBIT 11

PASW, INC.

COMPUTATION OF WEIGHTED AVERAGE
COMMON SHARES OUTSTANDING

	Total Number Of Shares	Three Months Ended June 30, 2000	Six Months Ended June 30, 2000
Outstanding shares as of January 1, 2000	4,402,500	4,402,500	4,402,500
Exercise of warrants	98,400	98,400	63,845
Total weighted average shares outstanding	4,500,900	4,640,900	4,606,345
Net loss		$(994,718)	$(1,848,251)
Net loss per common share basic and diluted		$ (0.21)	$ (0.40)