

UBIQUITECH SOFTWARE CORP  
Form 10KSB  
November 28, 2007

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-KSB**

Annual Report Under Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For the Fiscal Year Ended: **August 31, 2007**

Commission File No.000-52395

**UBIQUITECH SOFTWARE CORPORATION**  
(Exact Name of Small Business Issuer as specified in its charter)

**Colorado**  
(State or other jurisdiction  
of incorporation)

**20-5566275**  
(IRS Employer File Number)

**7730 East Belleview Ave., #A202**  
**Englewood, CO**  
(Address of principal executive offices)

**80111**  
(zip code)

**(720) 482-9559**  
(Registrant's telephone number, including area code)

Securities to be Registered Pursuant to Section 12(b) of the Act: **None**

Securities to be Registered Pursuant to Section 12(g) of the Act:

**Common Stock, \$.001 per share par value**

Check whether issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act [ ]

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: [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB. [X]

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No .

Registrant's revenues for its most recent fiscal year were \$-0-. The aggregate market value of the voting stock held by nonaffiliates cannot be computed because the Company's securities do not trade in any market. The number of shares outstanding of the Registrant's common stock, as of the latest practicable date, November 1, 2007, was 9,158,000.

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**FORM 10-KSB**  
**Ubiquitech Software Corporation**

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For purposes of this prospectus, unless otherwise indicated or the context otherwise requires, all references herein to "Ubiquitech," "we," "us," and "our," refer to Ubiquitech Software Corporation, a Colorado corporation.

#### Forward-Looking Statements

The following discussion contains forward-looking statements regarding us, our business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation: our ability to successfully develop new products and services for new markets; the impact of competition on our revenues, changes in law or regulatory requirements that adversely affect or preclude clients from using us for certain applications; delays our introduction of new products or services; and our failure to keep pace with our competitors.

When used in this discussion, words such as "believes", "anticipates", "expects", "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.

## PART I

### Item 1. DESCRIPTION OF BUSINESS.

#### (a) RISK FACTORS

*You should carefully consider the risks and uncertainties described below and the other information in this document before deciding to invest in shares of our common stock.*

*The occurrence of any of the following risks could materially and adversely affect our business, financial condition and operating result. In this case, the trading price of our common stock could decline and you might lose all or part of your investment.*

#### **Risks Related to Our Business and Industry**

**We are recently formed, have no operating history, and have never been profitable. We have negative retained earnings.**

We were formed as a Colorado business entity in January, 2007. At the present time, we are a development stage company which is only minimally capitalized, has not engaged in any substantial business activity, and has no successful operating history. There can be no guarantee that we will ever be profitable. From our inception on January 11, 2007 through August 31, 2007, we generated no revenue. We had a net loss of \$12,179 for this period. At August 31, 2007 we had a retained earnings deficit of \$12,179.

**Because we had incurred operating losses from our inception, our accountants have expressed doubts about our ability to continue as a going concern.**

For the period ended August 31, 2007, our accountants have expressed doubt about our ability to continue as a going concern as a result of our continued net losses. Our ability to achieve and maintain profitability and positive cash flow is dependent upon:

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- our ability to begin active operations;
- our ability to locate clients who will purchase our services; and
- our ability to generate revenues.

Based upon current plans, we may incur operating losses in future periods because we may, from time to time, be incurring expenses but not generating sufficient revenues. We expect approximately \$50,000 in operating costs over the next twelve months. We cannot guarantee that we will be successful in generating sufficient revenues or other funds in the future to cover these operating costs. Failure to generate sufficient revenues will cause us to go out of business.

**Our limited operating history makes it difficult for us to evaluate our future business prospects and make decisions based on those estimates of our future performance.**

The concept for our business model was developed in 2007. We have operated as a corporation for short amount of time. We have a limited operating history, based upon no revenues and a lack of profitability. These factors make it difficult to evaluate our business on the basis of historical operations. As a consequence, our past results may not be indicative of future results. Although this is true for any business, it is particularly true for us because of our limited operating history. Reliance on historical results may hinder our ability to anticipate and timely adapt to increases or decreases in sales, revenues or expenses. For example, if we overestimate our future sales for a particular period or periods based on our historical growth rate, we may increase our overhead and other operating expenses to a greater degree than we would have if we correctly anticipated the lower sales level for that period and reduced our controllable expenses accordingly. If we make poor budgetary decisions as a result of unreliable historical data, we could be continue to incur losses, which may result in a decline in our stock price.

**We have no experience as a public company.**

We have never operated as a public company. We have no experience in complying with the various rules and regulations which are required of a public company. As a result, we may not be able to operate successfully as a public company, even if our operations are successful. We plan to comply with all of the various rules and regulations which are required of a public company. However, if we cannot operate successfully as a public company, your investment may be materially adversely affected. Our inability to operate as a public company could be the basis of your losing your entire investment in us.

**We are implementing a strategy to grow our business, which is expensive and may not generate increases in our revenues.**

We intend to grow our business, and we plan to incur expenses associated with our growth and expansion. Although we recently raised funds through offerings to implement our growth strategy, these funds may not be adequate to offset all of the expenses we incur in expanding our business. We will need to generate revenues to offset expenses associated with our growth, and we may be unsuccessful in achieving revenues, despite our attempts to grow our business. If our growth strategies do not result in significant revenues, we may have to abandon our plans for further growth or may even cease our proposed operations.

**We must effectively manage the growth of our operations, or we may outgrow our current infrastructure.**

As of August 31, 2007, we had one employee, our President. If we experience rapid growth of our operations, we could see a backlog of client orders. We can resolve these capacity issues by hiring additional personnel and

upgrading our infrastructure. However, we cannot guarantee that sufficient additional personnel will be available or that we will find suitable technology to aid our growth. In any case, we will continue pursuing additional sales growth for our company. Expanding our infrastructure will be expensive, and will require us to train our workforce, and improve our financial and managerial controls to keep pace with the growth of our operations.

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**We have a lack of liquidity and will need additional financing in the future. Additional financing may not be available when needed, which could delay our development or indefinitely postponed.**

We are only minimally capitalized. Because we are only minimally capitalized, we expect to experience a lack of liquidity for the foreseeable future in our proposed operations. We will adjust our expenses as necessary to prevent cash flow or liquidity problems. However, we expect we will need additional financing of some type, which we do not now possess, to fully develop our operations. We expect to rely principally upon our ability to raise additional financing, the success of which cannot be guaranteed. We will look at both equity and debt financing, including loans from our principal shareholder. However, at the present time, we have no definitive plans for financing in place, other than the funds which may be loaned to us by Mr. Sobnosky, our President. In the event that we need additional capital, Mr. Sobnosky has agreed to loan such funds as may be necessary through December 31, 2008 for working capital purposes. To the extent that we experience a substantial lack of liquidity, our development in accordance with our proposed plan may be delayed or indefinitely postponed, our operations could be impaired, we may never become profitable, fail as an organization, and our investors could lose some or all of their investment.

**As a company with no operating history, we are inherently a risky investment.**

We have no operating history. Because we are a company with no history, the operations in which we engage in, business consulting, is an extremely risky business. An investor could lose his entire investment.

**There are factors beyond our control which may adversely affect us.**

Our operations may also be affected by factors which are beyond our control, principally general market conditions and changing client preferences. Any of these problems, or a combination thereof, could have affect on our viability as an entity. We may never become profitable, fail as an organization, and our investors could lose some or all of their investment.

**There are risks associated with introducing new products. If we are not successful with those product introductions, we will not realize on our investment in developing those products.**

We will continue to evaluate opportunities to develop product solutions, and when we choose to develop such products we will incur expenses in those development efforts. Market acceptance of new products may be slow or less than we expect. Our products also may not perform in a manner that is required by the market, or our competitors may be more effective in reaching the market segments we are targeting with these products. Slow market acceptance of these products will delay or eliminate our ability to recover our investment in these products. During any period that we unsuccessfully seek to market these products, we will also incur marketing costs without corresponding revenue.

**Our ability to grow our business depends on relationships with others. We have no established relationships at this time. We may never develop such relationships. Further, if we were to lose those relationships, we could lose our ability to sell certain of our products.**

Most of our revenue and a majority of our gross profit are expected to come from selling integrated solutions, consisting of combinations of hardware and software products produced by others. While our relationships will change from time to time, we must rely upon technology partners to augment and enhance the products we plan to sell. At the present time, we do not have any technology partners and cannot guarantee we will ever develop any such partners. If we do develop such partners, we risk that a given technology partner will change its marketing strategy and de-emphasize its use of marketing partners such as us. Our ability to generate revenue from reselling our products would diminish and our operations and results of operations would be materially and adversely affected.



**We are a relatively small company with limited resources compared to some of our current and potential competitors, which may hinder our ability to compete effectively.**

Some of our current and potential competitors have longer operating histories, significantly greater resources, broader name recognition, and a larger installed base of clients than we have. As a result, these competitors may have greater credibility with our existing and potential clients. They also may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products than we can to ours, which would allow them to respond more quickly than us to new or emerging technologies or changes in client requirements. In addition, some of our current and potential competitors have already established supplier or joint development relationships with decision makers at our potential clients.

**We may be unable to hire and retain key personnel.**

Our future success depends on our ability to attract qualified storage technology and geospatial imagery personnel. We may be unable to attract these necessary personnel. If we fail to attract or retain skilled employees, or if a key employee fails to perform in his or her current position, we may be unable to generate sufficient revenue to offset our operating costs.

**We may need to substantially invest in marketing efforts in order to grow our business, which will be expensive.**

In order to grow our business, we will need to develop and maintain widespread recognition and acceptance of our company, our business model, our services and our products. We have not presented our service and product offering to the potential market. We plan to rely primarily on word of mouth from our existing contacts we develop personally through industry events to promote and market ourselves. In order to successfully grow our company, we may need to significantly increase our financial commitment to creating awareness and acceptance of our company among retailers, which would be expensive. To date, marketing and advertising expenses have been negligible. If we fail to successfully market and promote our business, we could lose potential clients to our competitors, or our growth efforts may be ineffective. If we incur significant expenses promoting and marketing ourselves, it could delay or completely forestall our profitability.

**Our business is not diversified, which could result in significant fluctuations in our operating results.**

All of our business is involved in the marketing of selling integrated data storage solutions, and, accordingly, is dependent upon trends in the sector. Downturns in the integrated data storage solutions sector could have a material adverse effect on our business. A downturn in the integrated data storage solutions sector may reduce our stock price, even if our business is successful.

**We are a relatively small company with limited resources compared to some of our current and potential competitors, which may hinder our ability to compete effectively.**

Some of our current and potential competitors have longer operating histories, significantly greater resources, broader name recognition, and a larger installed base of clients than we have. As a result, these competitors may have greater credibility with our existing and potential clients. They also may be able to adopt more aggressive pricing policies and devote greater resources to the development, promotion and sale of their products than we can to ours, which would allow them to respond more quickly than us to new or emerging technologies or changes in client requirements. In addition, some of our current and potential competitors have already established supplier or joint development relationships with decision makers at our potential clients.



**Our success will be dependent upon our management’s efforts. We cannot sustain profitability without the efforts of our management.**

Our success will be dependent upon the decision making of our directors and executive officers. These individuals intend to commit as much time as necessary to our business, but this commitment is no assurance of success. The loss of any or all of these individuals, particularly Mr. Sobnosky, our President, could have a material, adverse impact on our operations. We have no written employment agreements with any officers and directors, including Mr. Sobnosky. We have not obtained key man life insurance on the lives of any of our officers or directors.

**Our stock has no public trading market and there is no guarantee a trading market will ever develop for our securities.**

There has been, and continues to be, no public market for our common stock. An active trading market for our shares has not, and may never develop or be sustained. If you purchase shares of common stock, you may not be able to resell those shares at or above the initial price you paid. The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, including the following:

- \* actual or anticipated fluctuations in our operating results;
- \* changes in financial estimates by securities analysts or our failure to perform in line with such estimates;
- \* changes in market valuations of other companies, particularly those that market services such as ours;
- \* announcements by us or our competitors of significant innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- \* introduction of product enhancements that reduce the need for our products;
- \* departures of key personnel.

Of our total outstanding shares as of November 1, 2007, a total of 9,040,000, or approximately 99%, will be restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

As restrictions on resale end, the market price of our stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them.

**Applicable SEC rules governing the trading of “Penny Stocks” limits the liquidity of our common stock, which may affect the trading price of our common stock.**

Our common stock is currently not quoted on in any market. If our common stock becomes quoted, we anticipate that it will trade well below \$5.00 per share. As a result, our common stock is considered a “penny stock” and is subject to SEC rules and regulations that impose limitations upon the manner in which our shares can be publicly traded. These regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock and the associated risks. Under these regulations, certain brokers who recommend such securities to persons other than established customers or certain accredited investors must make a special written suitability determination for the purchaser and receive the written purchaser’s agreement to a transaction prior to purchase. These regulations have the effect of limiting the trading activity of our common stock and reducing the liquidity of an investment in our common stock.



**The over-the-counter market for stock such as ours is subject to extreme price and volume fluctuations.**

The securities of companies such as ours have historically experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations and other factors, such as new product developments and trends in the our industry and in the investment markets generally, as well as economic conditions and quarterly variations in our operational results, may have a negative effect on the market price of our common stock.

**Buying low-priced penny stocks is very risky and speculative.**

The shares being offered are defined as a penny stock under the Securities and Exchange Act of 1934, and rules of the Commission. The Exchange Act and such penny stock rules generally impose additional sales practice and disclosure requirements on broker-dealers who sell our securities to persons other than certain accredited investors who are, generally, institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 jointly with spouse, or in transactions not recommended by the broker-dealer. For transactions covered by the penny stock rules, a broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the Commission. Consequently, the penny stock rules may affect the ability of broker-dealers to make a market in or trade our common stock and may also affect your ability to resell any shares you may purchase in the public markets.

**We do not expect to pay dividends on common stock.**

We have not paid any cash dividends with respect to our common stock, and it is unlikely that we will pay any dividends on our common stock in the foreseeable future. Earnings, if any, that we may realize will be retained in the business for further development and expansion.

**(b) NARRATIVE DESCRIPTION OF THE BUSINESS**

Our business is to develop and market proprietary specialized computer software to help manage electronically stored data. We have designed and plan to develop a software application for health care businesses which will be known as Ubiquitech™ Enterprise Storage Manager ("UESM"). UESM will be designed to provide computer data storage technicians with reporting and system problem notification. The UESM software application will assist technicians with:

- Data Storage Problem Diagnostics
- Live System Problem Identification and Notification
- Reporting and Trending
- Electronic Data Storage Management
- Federal Regulatory Compliance Regulations for Electronic Storage

We believe that the recent increase in the demands for electronic data storage has increased these challenges to corporate Information Technology ("IT") organizations and technicians significantly over the last several years.

When combined with the capital cost of storage, we believe that the maintenance and labor costs associated with these issues can present a tremendous financial strain on corporate IT budgets. Therefore, sending routine administrative tasks to a storage management software tool can be a strategic corporate decision. We believe that Ubiquitech ESM will provide the capability for corporations to address these management issues with a low cost, scalable software tool for a fraction of what they are currently spending on storage management and administration, since most data storage management tasks are currently being performed by highly paid technicians. We believe that Ubiquitech ESM can help IT organizations achieve strategic corporate IT objectives such as:

- Maximizing Use of IT Human Resources
- Ensuring Electronic Information Protection
- Managing Costs Associated with Data Storage Management
- Managing Growth Associated with Electronic Data Storage
- Meeting Federal Regulatory Compliance Requirements

To help corporations achieve these objectives, we have developed an open, independent Specialized Storage Management Software (SMS) application.

Ubiquitech will also actively pursue significant partnership opportunities with several large, established storage software and hardware vendors.

The UESM product is designed to install on any Unix, Linux or Microsoft computer system. We do not intend to pursue mainframe computer markets.

We believe that the product is extremely scalable since it will be web based. This web based user interface is capable of being used to segregate system users and access as well as to administer corporate computer security policies across multiple geographical locations.

We intend to pursue several strategic software development partnerships with established software and hardware vendors. Additionally, we intend to immediately pursue a strategic selling relationship with a large storage hardware vendor. At the present time, there are no definitive agreements in place.

Our original focus will be in the Denver, Colorado metropolitan area, but eventually plan to expand nationwide. However, we currently have no plans for expansion. At the present time, we have no active operations and are developing our business plan. At the present time, we have no plans to raise any additional funds within the next twelve months, other than those raised in our recent Offering. Any working capital will be expected to be generated from internal operations or from funds which may be loaned to us by Mr. Sobnosky, our President. In the event that we need additional capital, Mr. Sobnosky has agreed to loan such funds as may be necessary through December 31, 2008 for working capital purposes. However, we reserve the right to examine possible additional sources of funds, including, but not limited to, equity or debt offerings, borrowings, or joint ventures. Limited market surveys have never been conducted to determine demand for our services. Therefore, there can be no assurance that any of its objectives will be achieved.

We have not been subject to any bankruptcy, receivership or similar proceeding.

Our address is 7730 East Belleview Ave., #A202, Englewood, CO 80111. Our telephone number is (720)482-9559.

#### (c) PROPOSED OPERATIONS

We plan to initially operate out of the office of our President. This office is also shared with another company owned by our President and largest shareholder.



We are not presently marketing our product but plan to do so prior to the end of 2007. We plan to utilize the expertise and existing business relationships of our principal officer, Mr. Sobnosky to develop our opportunities. All operational decisions will be made solely by Mr. Sobnosky.

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It should be noted, however, that we do not have any extensive history of operations. To the extent that management is unsuccessful in keeping expenses in line with income, failure to affect the events and goals listed herein would result in a general failure of the business. This would cause management to consider liquidation or merger.

(d) MARKETS

Our sales strategy is two fold:

- 1) Penetrate end user accounts (hospitals, insurance companies, etc.) through a reseller channel with the monitoring and reporting components of Ubiquitech ESM.
- 2) Generate recurring revenue streams through strategic software and hardware vendor relationships. IT departments are currently purchasing these SMS types of tools in order to address pressing issues in the areas of monitoring and reporting. By establishing ourself as the incumbent SMS software vendor with the reporting and monitoring component of UESM, we believe that we will be able to generate future revenues as software “add-ons” in the areas electronic data storage management and regulatory compliance within our client base.

We believe that the primary reason that clients would buy from us rather than competitors would be the existing relationships that we can develop. We believe that client loyalty and satisfaction can be the basis for success in this business. Therefore, we plan to develop and expand on already existing relationships to develop a competitive edge. We plan to utilize the expertise of its principal officer to develop our business.

(e) RAW MATERIALS

The use of raw materials is not a material factor in our operations at the present time. The use of raw materials may become a material factor in the future as we develop operations.

(f) CUSTOMERS AND COMPETITION

Generally, the computer storage business is very dynamic and subject to sudden change. The competition is essentially divided into two groups: existing large incumbent storage vendors and independent SMS vendors. Incumbent storage vendors include Symantec/Veritas, Hewlett Packard, IBM, CA, and others. Most, if not all, of the incumbents have engaged in some level of acquisition as method of entering the SMS portion of the computer storage business.

We are not aware of any direct competitor. Most of our competitors sell and support specifically developed products or conversely, large, generic reporting frameworks. To our knowledge, no single vendor provides diagnostics, system health checking, live problem notification, reporting, and management across all elements of the electronic data storage infrastructure.

Almost all of the companies in this industry have greater resources and expertise than us. Any of them could chose to enter our proposed market at any time. Competition with these companies could make it difficult, if not impossible for us to compete, which could adversely affect our results of operations. Competition from larger and more established companies is a significant threat and is expected to remain so for us. Any competition may cause us to fail to gain or to lose clients, which could result in reduced or non-existent revenue. Competitive pressures may impact our revenues and our growth.

Our principal effort at this point will be to develop a client base. We believe that the primary reason that customers would buy from us rather than competitors would be the existing relationships that we can develop. We believe that

customer loyalty and satisfaction can be the basis for success in this business. Therefore, we plan to develop and expand on already existing relationships to develop a competitive edge.

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(g) BACKLOG

At August 31, 2007, we had no backlogs.

(h) EMPLOYEES

We have one full-time employee: Mr. Brian Sobnosky, our President. Mr. Sobnosky does not draw a salary or receive any other kind of compensation. However, we reimburse our employee for all necessary and customary business related expenses. We have no plans or agreements which provide health care, insurance or compensation on the event of termination of employment or change in our control. We do not pay our Directors separately for any Board meeting they attend.

(i) PROPRIETARY INFORMATION

We own no proprietary information.

(j) GOVERNMENT REGULATION

We do not expect to be subject to material governmental regulation. However, it is our policy to fully comply with all governmental regulation and regulatory authorities.

(k) RESEARCH AND DEVELOPMENT

We have never spent any amount in research and development activities.

(l) ENVIRONMENTAL COMPLIANCE

We believe that we are not subject to any material costs for compliance with any environmental laws.

(m) HOW TO OBTAIN OUR SEC FILINGS

We file annual, quarterly, and special reports, proxy statements, and other information with the Securities Exchange Commission (SEC). Reports, proxy statements and other information filed with the SEC can be inspected and copied at the public reference facilities of the SEC at 100 F Street N.E., Washington, DC 20549. Such material may also be accessed electronically by means of the SEC's website at [www.sec.gov](http://www.sec.gov).

Our investor relations department can be contacted at our principal executive office located at our principal office, 7730 East Belleview Ave., #A202, Englewood, CO 80111. Our telephone number is (720)482-9559.

**ITEM 2. DESCRIPTION OF PROPERTY.**

We currently occupies approximately 500 square feet of office and retail space which we rents from our President and largest shareholder on a month-to-month basis, currently without charge. This space is considered to be sufficient for us at the present time. We also own office equipment and the design plans for our propose software product.

**ITEM 3. LEGAL PROCEEDINGS.**

We are not a party to any material legal proceedings, nor is our property the subject of any material legal proceeding.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

We held no shareholders meeting in the fourth quarter of our fiscal year.

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## PART II

### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

#### MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

##### Holders

As of November 1, 2007, there were 63 record holders of our common stock and there were 9,158,000 shares of our common stock outstanding. No public market currently exists for shares of our common stock. We intend to apply to have our common stock listed for quotation on the Over-the-Counter Bulletin Board.

##### The Securities Enforcement and Penny Stock Reform Act of 1990

The Securities and Exchange Commission has also adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

A purchaser is purchasing penny stock which limits the ability to sell the stock. The shares offered by this prospectus constitute penny stock under the Securities and Exchange Act. The shares will remain penny stocks for the foreseeable future. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15c-1 through 15c-10 of the Securities and Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to sell penny stock.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Commission, which:

- 1 contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- 1 contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of the Securities Act of 1934, as amended;
- 1 contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;
- 1 contains a toll-free telephone number for inquiries on disciplinary actions;
- 1 defines significant terms in the disclosure document or in the conduct of trading penny stocks; and
- 1 contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation;