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PAY88  
Form 10QSB  
May 09, 2006

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

FORM 10-QSB

(Mark One)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarter ended March 31, 2006
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 333-125581

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

Number of shares of common stock outstanding as of May 8, 2006: 10,000,000 shares of common stock.

Transitional Small Business Format 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

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
Pay88, Inc. (A Nevada Corporation)

We have audited the accompanying balance sheet of Pay88, Inc. (a Development Stage Company) ("the Company") as of December 31, 2005 and the related statements of operations, stockholders' deficiency and cash flows for the period March 23, 2005 (inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Also, an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pay88, Inc. at December 31, 2005, and the results of its operations and its cash flows for the period March 23, 2005 (inception) to December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred an operating loss for the period March 23, 2005 (inception) to December 31, 2005 and as of December 31, 2005, has a working capital deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Wolinetz, Lafazan & Company, P.C.  
-----  
WOLINETZ, LAFAZAN & COMPANY, P.C.

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Rockville Centre, New York  
February 1, 2006

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
BALANCE SHEET  
DECEMBER 31, 2005

ASSETS

Current Assets:		
Cash		\$ 7,048
		-----
Total Current Assets		7,048
		-----
Total Assets		\$ 7,048
		=====

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current Liabilities:		
Accrued Liabilities		\$ 12,723
Loans Payable - Related Party		36,000
		-----
Total Current Liabilities		48,723
		-----
Long-Term Debt:		
Note Payable - Related Party		80,385
		-----
Total Liabilities		129,108
		-----
Commitments and Contingencies		
Stockholders' Deficiency:		
Preferred Stock, \$.001 par value; 5,000,000 shares authorized, none issued and outstanding		--
Common Stock, \$.001 par value; 100,000,000 shares authorized, 10,000,000 shares issued and outstanding		10,000
Additional Paid-In Capital		38,001
Deficit Accumulated During the Development Stage		(170,061)
		-----
Total Stockholders' Deficiency		122,060)
		-----
Total Liabilities and Stockholders' Deficiency		\$ 7,048
		=====

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

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF OPERATIONS  
FOR THE PERIOD MARCH 23, 2005 (INCEPTION) TO DECEMBER 31, 2005

Net Revenues	\$	--
		-----
Costs and Expenses:		
Consulting Fees		121,000
Professional Fees		39,242
Other General and Administrative Expenses		7,879
		-----
Total Costs and Expenses		168,121
		-----
Loss from Operations before Other Income (Expense)		(168,121)
		-----
Other Income (Expense)		
Interest Expense - Related Party		(1,940)
		-----
Total Other Income (Expense)		(1,940)
		-----
Net Loss	\$	(170,061)
		=====
Basic and Diluted Loss Per Share	\$	(.02)
		=====
Weighted Average Basic and Diluted Shares Outstanding		9,022,996
		=====

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

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF STOCKHOLDERS' DEFICIENCY  
FOR THE PERIOD MARCH 23, 2005 (INCEPTION) TO DECEMBER 31, 2005

	Common Stock	Additional	Defici
	Shares	Paid-In	Accumula
	Amount	Capital	During
			Developmen

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	-----	-----	-----	-----
Balance, March 23, 2005	--	\$ --	\$ --	\$
Common Stock Issued to Founders	8,000,000	8,000	1	
Common Stock Issued to Private Investors, July through August, 2005 at \$.02 Per Share	2,000,000	2,000	38,000	
Net Loss for the Period	--	--	--	(
	-----	-----	-----	-----
Balance, December 31, 2005	10,000,000	\$ 10,000	\$ 38,001	\$ (
	=====	=====	=====	=====

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

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD MARCH 23, 2005 (INCEPTION) TO DECEMBER 31, 2005

Cash Flows from Operating Activities:	
Net Loss	\$ (170,061)
Adjustments to Reconcile Net Loss to Net Cash (Used) by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accrued Liabilities	12,723
	-----
Net Cash (Used) by Operating Activities	(157,338)
	-----
Cash Flows from Investing Activities:	--
	-----
Cash Flows from Financing Activities:	
Proceeds from Shareholder Advances	116,385
Proceeds from Sale of Common Stock	48,001
	-----
Net Cash Provided by Financing Activities	164,386
	-----
Increase in Cash	7,048
Cash - Beginning of Period	--
	-----
Cash - End of Period	\$ 7,048
	=====

Supplemental Disclosures of Cash Flow Information:

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Interest Paid	\$	--
	=====	
Income Taxes Paid	\$	--
	=====	

Supplemental Disclosure of Non-Cash Financing Activities:		
Reclassification of Shareholder Advances to Note Payable		
- Related Party	\$	80,385
	=====	

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

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

Organization

The Company was originally incorporated on March 22, 2005 under the laws of the State of New Hampshire as Pay88, Ltd. On July 7, 2005, Pay88, Inc., a Nevada corporation, was formed. Subsequently, the New Hampshire corporation was merged with and into the Nevada corporation. For accounting purposes this is a capital transaction and the equivalent to the issuance of common stock by the Nevada corporation for the net monetary assets of the New Hampshire corporation, accompanied by a recapitalization. The Company has selected December 31 as its fiscal year.

The Company has not yet generated revenues from planned principal operations and is considered a development stage company as defined in Statement of Financial Accounting Standards ("SFAS") No. 7. The Company plans on becoming involved in the business of facilitating money transfers between the United States and China and its goal is to offer persons in the United States near instantaneous, efficient and secure online money transfer services to China. There is no assurance, however, that the Company will achieve its objectives or goals.

Cash and Cash Equivalents

The Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company utilizes the accrual method of accounting.

Advertising Costs

Advertising costs will be charged to operations when incurred. The Company did not incur any advertising costs during the period ended December 31, 2005.

Income Taxes

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The Company accounts for income taxes using the asset and liability method described in SFAS No. 109, "Accounting For Income Taxes", the objective of which is to establish deferred tax assets and liabilities for the temporary differences between the financial reporting and the tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. A valuation allowance related to deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Loss Per Share

The computation of loss per share is based on the weighted average number of common shares outstanding during the period presented. Diluted loss per common share is the same as basic loss per common share as there are no potentially dilutive securities outstanding (options and warrants).

Accounting Estimates

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

Fair Value of Financial Instruments

The carrying value of cash, accrued liabilities and loans payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

Research and Development

Research and development costs will be charged to expense as incurred. The Company did not incur any research and development costs during the period ended December 31, 2005.

Recently Enacted Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 123R "Share Based Payment," a revision of SFAS 123, "Accounting for Stock Based Compensation." This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company is required to adopt SFAS 123R effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to the adoption based on the fair values previously calculated for disclosure purposes. At December 31, 2005, the Company had no options outstanding.

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (Continued)

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets." SFAS 153 amends Accounting Principles Board ("APB") Opinion No. 29, "Accounting for Nonmonetary Transactions," to require exchanges of nonmonetary assets to accounted for at fair value, rather than carryover basis. Nonmonetary exchanges that lack commercial substance are exempt from this requirement. SFAS 153 is effective for nonmonetary exchanges entered into in fiscal years beginning after June 15, 2005. The Company does not routinely enter into exchanges that could be considered nonmonetary, accordingly the Company does not expect adoption of SFAS 153 to have a material impact on the Company's financial statements.

In June 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes, and SFAS 3, "Reporting Accounting Changes in Interim Financial Statements". SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. Previously, most voluntary changes in accounting principles were required recognition via a cumulative effect adjustment within net income of the period of the change. SFAS 154 requires retrospective application to prior periods' financial statements, unless it is impracticable to determine either the period-specific effect or the cumulative effect of the change. SFAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005; however, SFAS 154 does not change the transaction provisions of any existing accounting pronouncements. The Company believes the adoption of SFAS 154 will not have a material impact on its financial statements.

NOTE 2 - Going Concern

The Company incurred net losses of \$170,061 for the period March 23, 2005 (inception) to December 31, 2005. In addition, the Company had a working capital deficiency of \$41,675 at December 31, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds required during the next year or thereafter will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - Going Concern (Continued)

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

During the period March 23, 2005 (inception) to December 31, 2005, the Company relied heavily for its financing needs on its majority shareholder/CEO, Mr. Guo Fan. In addition, the Company successfully obtained external financing through the private sale of its common stock.

During the period ended December 31, 2005, the Company:

- o Received approximately \$116,000 in advances from its majority shareholder/CEO. Of these advances, \$80,385 were memorialized as a note payable.
- o Raised an aggregate total amount of \$40,000 through a Private Placement of the Company's common stock in July and August 2005.

The Company is attempting to address its lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof. The Company currently plans to raise approximately \$250,000 through a private placement of its securities. There can be no assurances that the Company will be able to raise the additional funds it requires.

### NOTE 3 - Note and Loans Payable - Related Party

During the period March 23, 2005 (inception) to December 31, 2005, the Company's CEO and significant stockholder advanced \$116,385 to the Company. These advances were non-interest bearing and payable on demand. On August 31, 2005 the Company issued a promissory note to the CEO in the amount of \$80,385. The note bears interest at 5% per annum and is payable on August 31, 2008. Interest expense on this note for the period August 31, 2005 to December 31, 2005 was \$1,340. The interest was unpaid at December 31, 2005 and is included in accrued liabilities.

The remaining balance of \$36,000 represents advances from the Company's CEO bearing interest at 5% per annum and payable on demand. Interest expense on this advance was \$600 and is included in accrued liabilities at December 31, 2005.

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - Common Stock

In March and July 2005 the Company issued 8,000,000 shares of common stock for \$8,001 to the Founders of the Company.

In July and August 2005 the Company sold 2,000,000 shares of common stock for \$40,000 to private investors.

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### NOTE 5 - Preferred Stock

The Company's Board of Directors may, without further action by the Company's stockholders, from time to time, direct the issuance of any authorized but unissued or unreserved shares of Preferred Stock in series and at the time of issuance, determine the rights, preferences and limitations of each series. The holders of Preferred Stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of the Company before any payment is made to the holders of the Common Stock. Furthermore, the Board of Directors could issue Preferred Stock with voting and other rights that could adversely affect the voting power of the holders of the Common Stock.

### NOTE 6 - Commitments and Contingencies

On August 3, 2005, the Company entered into a five year agreement with Chongqing Yahu Information Limited ("Yahu"). Yahu is a Chinese corporation formed by Mr. Tao Fan, a brother of Mr. Guo Fan, a significant stockholder, director and officer of the Company. The Agreement provides for two services to be provided to the Company by Yahu. The first service is the provision of all proprietary software needed to effectuate fund transfers between the U.S. and China. The second service to be provided is technical assistance in the areas of installation and future product support. This support includes assistance with all technical aspects of the software as well as problem resolution and general inquiries. Both of these services are to be provided to the Company by Yahu for a licensing fee that is based upon 20% of the gross fund transfer revenues. The fee is payable on a quarterly basis. The use of the software will enable the Company to provide wire transfers from the U.S. to China.

### NOTE 7 - Related Party Transactions

#### Rent

The Company rents office space owned by an officer of the Company for \$200 per month on a month to month basis. Rent expense amounted to \$1,800 during the period ended December 31, 2005. The rent was unpaid at December 31, 2005 and is included in accrued liabilities.

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PAY88, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

### NOTE 8 - Consulting Agreement

On March 29, 2005, the Company entered into a business and financial consulting agreement with First Line Capital, LLC. (the "Consultant"). Such agreement calls for payment of consulting fees of \$120,000.

Under the terms of the consulting agreement, the Consultant is to assist the Company with various business and financial services including: assistance in corporate development (competitive environment, financial performances vs. competition, strategies, operations viability, etc.), preparation of a business plan and preparation of all necessary documentation in connection with the listing of the Company on the Over the Counter Bulletin Board. The agreement ends on the earlier of (i) termination by either party upon 30 days' prior written notice or (ii) the securities of the Company being traded or listed on a securities exchange or otherwise.

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The Consultant was paid on aggregate of \$121,000 through December 31, 2005. Substantially all services in connection with the agreement have been performed and the agreement has no specific or finite duration and has no provision for refund or recouping of fees paid. In addition, the agreement has no "time-line" or "benchmark" provision. Therefore, the entire amount paid has been expensed in the period reported.

### NOTE 9 - Income Taxes

At December 31, 2005, the Company had available federal net operating loss carryforwards to reduce future taxable income, if any, of approximately \$170,000. The net operating loss carryforwards expire December 31, 2025.

At December 31, 2005, the Company has a deferred tax asset of approximately \$67,000, representing the benefit of its net operating loss carryforward. The Company has not recorded a tax benefit because realization of the benefit is uncertain and therefore a valuation allowance has been fully provided against the deferred tax asset. The difference between the federal statutory rate of 34% and the Company's effective tax rate of 0% is due to the initial increase in the valuation allowance of \$67,000 in 2005.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS.

As used in this Form 10-QSB, references to the "Company," the "Registrant," "we," "our" or "us" refer to Pay88, Inc. unless the context otherwise indicates.

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### Forward-Looking Statements

The following discussion should be read in conjunction with our financial statements, which are included elsewhere in this Form 10-QSB. We and our representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in our filings with the United States Securities and Exchange Commission and in our reports to shareholders. Generally, the inclusion of the words "believe", "expect", "intend", "estimate", "anticipate", "will", and similar expressions or the converse thereof, identify statements that constitute "forward-looking statements".

These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements as a result of a number of risks and uncertainties including: (a) those risks and uncertainties related to general economic conditions, (b) whether we are able to manage our planned growth efficiently and operate profitable operations, (c) whether we are able to generate sufficient revenues or obtain financing to sustain and grow our operations, (d) whether we are able to successfully fulfill our primary requirements for cash.

### Overview

We were incorporated on March 22, 2005 under the name "Pay88, Ltd." in the State of New Hampshire. We subsequently decided to reincorporate in the State of Nevada by merging with and into Pay88, Inc., a Nevada corporation formed for such purpose on July 7, 2005. Such merger was effectuated on August 9, 2005.

We are a development stage company focused on becoming involved in the business of facilitating money transfers from the United States to China. We have not commenced operations other than in connection with the execution of the license agreement with Chongqing Yahu described below.

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Money transfers are transfers of funds between consumers from one location to another. Our goal is to offer persons in the United States near instantaneous, efficient and secure online money transfer services to China. In a typical money transfer, we anticipate that a customer located in the United States will conduct money transfer transactions on the internet via our website, which we intend to develop. Utilizing our website, which has yet to be developed, a customer will transfer money using a credit card or a debit from a bank account. The customer will be able to go to our web site and use his or her credit card to credit his or her account for the amount of money that the customer desires to transfer to a designated recipient in China. Immediately after such transaction over the internet, the recipient's account in China will be credited with the funds. Then the recipient can go to its bank in China and withdraw the money. When the customer initiates the transfer, the software will inform him as to the amount of fees we are to be paid as a result of the transaction. The fee paid to us from the sending customer will be based on the amount to be transferred and the location at which the funds are to be received. We expect our money transfer revenues to be derived primarily from consumer transaction fees and revenues from currency exchange on international money transfers.

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Any on-line financial service provider requires quality software to be financially and commercially successful. Optimally, the software should be easy to use for the consumer, have the ability to interact with relative ease with other businesses and financial institutions, and must be secure enough to accommodate the strict internet security regulations of both the United States and China. In our initial stages we had to make the decision to develop an internal software system or attempt to partner with an entity that had already developed the software technology. Due to the time frame that would be required to develop the software and the corresponding costs that would be associated with such an undertaking, we made the decision to seek out and utilize a third party that would accommodate our needs. Specifically, we wanted the system to address the following requirements:

- o Experience in the China marketplace
- o Real time transactions
- o Ease of use
- o Reliable and detailed account information
- o System expandability
- o Internet based
- o Where no bank/credit card is available, payment can be made when client deposits money with a financial institution which holds the money for the client (knows as an electronic purse)
- o Transactions and transaction data be encrypted with the state-of-the-art network security technology
- o Free registration o Low cost of transaction
- o On-going technical assistance and support

On August 3, 2005, we entered into a five year agreement with Chongqing Yahu Information Limited, a Chinese corporation ("Chongqing Yahu") which satisfies all the above parameters. Pursuant to such agreement, Chongqing Yahu will provide the system software to us. We hope that this agreement will assist us towards establishing us as a quality internet money transfer service provider.

Chongqing Yahu was formed in 1997 by Mr. Tao Fan. Mr. Fan is a brother of Mr. Guo Fan, a director and officer of Pay88. Chongqing Yahu is a member of CECA (China Electronic Commerce Association) a nationwide organization in the electronic commerce field in China. Chongqing Yahu has over 650 commercial users and over 250,000 individual users. The agreement provides for two services to be

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provided to us by Chongqing Yahu. The first service is the provision of all proprietary software needed to effectuate fund transfers between the United States and China. The second service to be provided is technical assistance in the areas of installation and future product support. This support includes assistance with all technical aspects of the software as well as problem resolution and general inquiries. Both of these services are to be provided to us by Chongqing Yahu for a licensing fee that is based upon 20% of the gross fund transfer revenues. The fee is payable on a quarterly basis. The use of the software will enable us to provide wire transfers from the United States to China.

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### Plan of Operation

We do not expect to generate any revenues over the next twelve months. We are focused on becoming involved in the business of facilitating money transfers between the United States and China. Our goal is to offer persons in the United States near instantaneous, efficient and secure online money transfer services to China. As an internet money transfer company, our objective is to develop and market a cost efficient and fast method for the transfer of funds from one country to another. As discussed above, we have entered into a working agreement with ChongQing Yahu Information, Limited. This agreement could give us a competitive edge in this developing sector.

We would like to initially focus our services to people within the United States seeking to wire transfer money to China. Therefore, we hope to build and execute a marketing campaign that targets areas within the United States that has a large population of Chinese expatriates. Once we have sufficient funds, we intend to employ various methods of marketing which may include internet advertising, telemarketing and commercial advertisements.

We recognize that our current management and Board of Directors do not have sufficient marketing experience to create and execute an effective marketing plan. Accordingly, it is our intention to seek out a consulting firm(s) that specializes in this arena. Currently, we are focusing our efforts on developing a request for proposal for prospective marketing firms. Generally we are seeking firms with experience in the Chinese American population.

We do not have sufficient resources to effectuate our business. We continue to expect to incur a minimum of \$250,000 in expenses during the next twelve months of operations. We estimate that this will be comprised mostly of professional fees including; \$50,000 towards the procurement of the required regulatory licenses, \$75,000 towards the planning of a comprehensive marketing campaign and \$25,000 towards addressing technological infrastructure concerns. Additionally, \$100,000 will be needed for general overhead expenses such as for salaries, corporate legal and accounting fees, office overhead and general working capital. Accordingly, we will have to raise the funds to pay for these expenses. We hope to do so through a private offering after this registration statement is declared effective and our shares are quoted on the Over the Counter Bulletin Board.

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There can be no assurance that additional capital will be available to us. Although the Company generally intends, once its shares are quoted on the Over the Counter Bulletin Board, to raise additional funds, we have no specific plans, understandings or agreements with respect to such an offering, and we

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have given no contemplation with respect to the securities to be offered or any other issue with respect to any offering. We may seek to raise the required capital by other means. We will have to issue debt or equity or enter into a strategic arrangement with a third party. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. Since we have no such arrangements or plans currently in effect, our inability to raise funds for a marketing program will have a severe negative impact on our ability to remain a viable company because even though we have the technical platform to provide wire transfer services, no one will know we can provide these services.

### Results of Operation

For the three months ended March 31, 2006, the Company had no revenues. The Company's operating expenses for the three months ended March 31, 2006 were \$16,053. Such operating expenses consisted of \$11,283 in professional fees and \$4,770 in general and administrative fees.

### Liquidity and Capital

Our balance sheet as of March 31, 2006 reflects assets of \$3,026 consisting solely of cash.

We have been dependent on our CEO for financing during the quarter ended March 31, 2006. Mr. Fan has advanced \$14,214 in the form of demand loans to the Company during the quarter ended March 31, 2006.

### Going Concern Consideration

The condensed financial statements contained in this Report have been prepared on a 'going concern' basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the reasons discussed in this Report, there is a significant risk that we will be unable to continue as a going concern, in which case, you would suffer a total loss on your investment in our company.

### Off-Balance Sheet Arrangements

None.

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## ITEM 3. CONTROLS AND PROCEDURES.

### Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission. Our Chief Executive Officer and Chief Financial Officer have reviewed the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c)) within the end of the period covered by this Quarterly Report on Form 10-QSB and have concluded that the disclosure controls and procedures are effective to ensure that material information relating to the Company is recorded, processed, summarized, and reported in a timely manner. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the last day they were evaluated by our Chief Executive Officer and Chief Financial Officer.

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### Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the last quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### PART II. OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS.

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

#### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

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Purchases of equity securities by the issuer and affiliated purchasers.

None.

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

There was no matter submitted to a vote of security holders during the fiscal quarter ended March 31, 2006.

#### ITEM 5. OTHER INFORMATION.

None.

#### ITEM 6. EXHIBITS

Exhibit No. -----	Description -----	Where Found -----
31.1	Rule 13a-14(a)/15d14(a) Certifications of Principal Executive and Financial Officer	Attached Hereto
32.1	Section 1350 Certifications	Attached Hereto

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SIGNATURES

## Edgar Filing: PAY88 - Form 10QSB

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 9, 2006

PAY88, INC.

By: /s/ Guo Fan

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Name: Guo Fan  
Title: President, Chief Executive  
Officer, and Director (Principal  
Executive Officer and Principal  
Financial Officer)