

FORM 10-QSB

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

For the quarterly period ended: September 30, 2006

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

Commission File No. 0-11808

MB SOFTWARE CORPORATION

Texas

(State or other jurisdiction of  
incorporation or organization)

59-2220004

(I.R.S. Employer  
Identification Number)

2225 E. Randol Mill Road - Suite 305  
Arlington, Texas 76011-6306  
(817) 633-9400

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark wheter the registrant is a shell company (as defined I Rule 12-b-S of the Exchange Act).

Yes  No

As of September 30, 2006, 16,145,432 of the Issuer's \$0.001 par value common stock were outstanding.

Transitional Small Business Disclosure Format

Yes  No

MB SOFTWARE CORPORATION AND SUBSIDIARIES

Form 10-QSB

Quarter Ended September 30, 2006

PART I - FINANCIAL INFORMATION

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PART I - FINANCIAL INFORMATION  
ITEM 1 - FINANCIAL STATEMENTS

MB SOFTWARE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

ASSETS	September 30, 2006 (unaudited)	December 31, 2005 (audited)
-----		
Current Assets		
Cash	\$ 1,192	\$ 2,828
Accounts receivable	43,699	30,198
Inventory	172,164	30,644
Prepayments and other current assets	46,537	130,454
	-----	-----
Total current assets	263,592	194,124
Fixed assets, net	57,927	48,771
Security deposits	11,239	14,912
	-----	-----
Total Assets	\$ 332,758	\$ 257,807
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
-----		
Current liabilities		
Accounts payable and other accruals	\$ 78,221	\$ 34,919
Payroll tax liabilities	248,622	204,383
Obligation under capital lease - current portion	4,192	4,092
Due to related parties	956,357	625,012
Accrued interest - related parties	111,286	33,797
	-----	-----
Total current liabilities	1,398,678	902,203
Long-term liabilities		
Obligation under capital lease - non-current portion	--	3,069
	-----	-----
Total Liabilities	1,398,678	905,272
Commitments and contingencies		
Stockholders' Deficiency		
Preferred stock, \$10 par value, 5,000,000 shares authorized; issued and outstanding none	--	--
Common stock: \$0.001 par value; 20,000,000 shares authorized; issued and outstanding: 16,145,432	16,145	16,145
Stock subscription		
Additional paid-in capital	11,181,496	11,181,496
Accumulated deficit	(12,251,522)	(11,833,067)
	-----	-----
Less: treasury stock, at cost; 4,089 shares	(1,053,881)	(635,426)
	(12,039)	(12,039)
	-----	-----
Total stockholders' deficiency	(1,065,920)	(647,465)
	-----	-----
Total Liabilities and Stockholders' Deficiency	\$ 332,758	\$ 257,807
	=====	=====

See condensed notes to consolidated financial statements.

MB SOFTWARE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30  
(UNAUDITED)

	Three Months Ended Sept. 30, 2006	Three Months Ended Sept. 30, 2005	Nine Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2005
Revenues	\$ 39,556	\$ 59,119	\$ 133,340	\$ 158,435
Cost of revenues	26,495	39,285	104,858	115,609
Gross margin	13,061	19,834	28,482	42,826
Selling, general and administrative Royalty expenses and related option fee	118,093 --	130,094 1,756	362,457 --	421,744 238,379
Loss from operations	(105,032)	(112,016)	(333,975)	(617,297)
Other expense - related party interest expense	(35,644)	(11,112)	(84,479)	(29,770)
Loss before provision for income taxes	(140,676)	(123,128)	(418,454)	(647,067)
Provision for income taxes	--	--	--	--
Net loss	\$ (140,676)	\$ (123,128)	\$ (418,454)	\$ (647,067)
	=====	=====	=====	=====
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.04)
	=====	=====	=====	=====
Weighted average common shares outstanding	16,145,432	16,145,432	16,145,432	15,524,498
	=====	=====	=====	=====

See condensed notes to consolidated financial statements.

MB SOFTWARE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30  
(UNAUDITED)

	2006	2005
Cash flows from operating activities		
-----		
Net loss	\$(418,454)	\$(647,067)
Adjustments to reconcile net loss from to net cash used in operating activities		
Depreciation and amortization	7,275	6,005
Write off of bad debts	14,156	--
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(27,657)	(5,067)
(Increase) decrease in inventory	(141,520)	13,078
(Increase) decrease in prepaid expenses and other assets	87,590	(61,254)
Increase (decrease) in accounts payable and accrued liabilities	165,028	213,934
	-----	-----
Net cash flows used in operating activities	(313,582)	(480,371)
Cash flows from investing activities		
-----		
Purchase of fixed assets	(16,430)	(17,445)
	-----	-----
Net cash flows used in investing activities	(16,430)	(17,445)
Cash flows from financing activities		
-----		
Net advances - related parties	331,345	502,216
Principle payments under capital lease	(2,969)	(3,070)
	-----	-----
Net cash flows provided by financing activities	328,376	499,146
	-----	-----
Increase (decrease) in cash and cash equivalents	(1,636)	1,330
Cash and cash equivalents, beginning of period	2,828	7,889
	-----	-----
Cash and cash equivalents, end of period	\$ 1,192	\$ 9,219
	=====	=====
Cash paid during the period for interest and income taxes	--	--
	=====	=====

See condensed notes to consolidated financial statements.

MB SOFTWARE CORPORATION AND SUBSIDIARIES  
QUARTER ENDED SEPTEMBER 30, 2006  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-QSB and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles in the United States of America for complete financial statements.

In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The results of operations for the period ended September 30, 2006 are not necessarily indicative of the operating results that may be expected for the entire year ending December 31, 2006. These financial statements should be read in conjunction with the Management's Discussion and Analysis included elsewhere in this filing in addition to the Company's financial statements and accompanying notes thereto as of and for the year ended December 31, 2005, as filed with the Company's Annual Report on Form 10-KSB.

Certain financial information for the prior period has been reclassified to conform to the current period's presentation.

NOTE 2: GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates realization of assets and liquidation of liabilities in the ordinary course of business. The Company has continuously incurred losses from operations and has a significant accumulated deficit. The appropriateness of using the going concern basis is dependent upon the Company's ability to obtain additional financing or equity capital and, ultimately, to achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern.

It is the Company's belief that it will continue to incur losses for at least the next twelve months, and as a result will require additional funds from debt or equity investments to meet such needs. To meet these objectives, management's plans are to (i) raise capital by obtaining financing from debt financing and / or equity financing through private placement efforts, (ii) issue common stock for services rendered in lieu of cash payments and (iii) obtain loans from shareholders as necessary (See Note 3). Without realization of additional capital or significant revenues from operations, it would be unlikely for the Company to continue as a going concern. The Company anticipates that its shareholders will contribute sufficient funds to satisfy the cash needs of the Company for the next twelve months. However, there can be no assurances to that effect, as the Company has minimal revenues and the Company's need for capital may change dramatically if it is successful in expanding its current business or acquiring a new business. If the Company cannot obtain needed funds, it may be forced to curtail or cease its activities.

Management believes that actions presently taken to revise the Company's operating and financial requirements provide the opportunity for the Company to continue as a going concern. The Company's future ability to achieve these objectives cannot be determined at this time. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3: RELATED PARTY TRANSACTIONS

Funds are advanced from various related parties including the Company's President/CEO/CFO/majority shareholder, including various entities controlled by him, and other shareholders to fund the company as necessary to meet working capital requirements and expenses. The advances are made pursuant to loan agreements that bear interest at 10% per annum, payable quarterly, and with maturity dates through December 31, 2006. All notes are current liabilities. Accrued interest due to related parties included in accrued liabilities as of September 30, 2006 was approximately \$111,000. The following is a summary of the principal due to/ from related parties as of September 30, 2006:

Related party	Nature of relationship	Terms of the agreement	Principal due to related parties
Scott Haire, an individual	Chairman of the Board, CEO and CFO of the Company	Unsecured note dated July 11, 2005 for \$10,000 at 10% per annum, due on December 31, 2006.	\$ 10,000
HEB, LLC	Controlled by Scott Haire, Chairman President, CEO and CFO of the company.	Series of funds advanced under two separate, unsecured \$1 million lines of credit dated November 26, 2003 and November 4, 2004, both at 10% per annum; no maturity date, interest payable quarterly; unused lines available at September 30, 2006 total \$1,423,053.	576,947
Araldo Cossutta, an individual	Director and shareholder of the Company	Series of unsecured notes bearing interest at 10% per annum, maturing through December 31, 2006.	367,000
eAppliance Payment Solutions, LLC	Controlling owners in eAppliance Payment Solutions, LLC are Araldo Cossutta and Scott A. Haire	Note dated January 1, 2004 for \$2,410 at 10% per annum due on December 31, 2006.	2,410
			\$ 956,357

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Operating leases

The Company leases office space and office equipment under operating leases expiring in various years through 2009. Rental expense charged to operations for the three and nine months ended September 30, 2006 was approximately \$27,000 and \$79,000, respectively. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of September 30, 2006, for each of the next five years and in the aggregate are as follows (approximately):

2007	\$ 94,000
2008	62,000
2009	48,000
2010	--
2011	--
	-----
	\$ 204,000
	=====

#### Capital leases

The Company leases a phone system under a capital lease for a period of thirty-six months through September 2007. Minimum future lease payments under capital lease in that are due within one year total \$4,192.

#### Federal Payroll Taxes

The Company is delinquent in the payment of its payroll tax liabilities with the Internal Revenue Service. As of September, 30, 2006, unpaid payroll taxes totaled approximately \$188,000 and related penalties and interest of approximately \$61,000 computed through September 30, 2006, and are included in accrued liabilities at September 30, 2006. The Company expects to pay these delinquent payroll tax liabilities as soon as possible. The final amount due will be subject to the statutes of limitations related to such liabilities and to negotiations with the Internal Revenue Service.

#### NOTE 5: RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109," (FIN 48). FIN 48 clarifies the accounting for uncertainty in tax positions and requires that a Company recognize in its financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 is not expected to have any impact on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, "Accounting for Fair Value Measurements." SFAS No. 157 defines fair value, and establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosure about fair value measurements. SFAS No. 157 is effective for the Company for financial statements issued subsequent to November 15, 2007. The Company does not expect the new standard to have any material impact on its financial statements.

In September 2006, the FASB issued FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This Statement requires an employer to recognize the over funded or under funded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position, and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Company does not expect that the implementation of SFAS No. 158 will have any impact on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force ("EITF")), the American Institute of Certified Public Accountants ("AICPA"), and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

#### NOTE 6: EARNINGS PER SHARE

Basic earnings (loss) per share ("EPS") are based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average

number of common shares outstanding and dilutive common stock equivalents. Basic EPS is computed by dividing income/loss (numerator) applicable to common stockholders by the weighted average number of common shares outstanding (denominator) for the period. Convertible securities that could potentially dilute basic earnings per share in the future are not included in the computation of diluted EPS because to do so would be antidilutive. All EPS amounts in these financial statements are basic EPS, as defined by SFAS No. 128, "Earnings Per Share." All per share and per share information are adjusted retroactively to reflect stock splits and changes in par value.

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

### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS/RISK FACTORS

#### Introduction

Management's discussion and analysis of results of operations and financial condition ("MD&A") is provided as a supplement to the accompanying consolidated financial statements and footnotes to help provide an understanding of our financial condition, changes in financial condition and results of operations.

#### Caution Concerning Forward-Looking Statements/Risk Factors

The following discussion should be read in conjunction with the financial statements and the notes thereto and the other financial information appearing elsewhere in this document. In addition to historical information, the following discussion and other parts of this document contain certain forward-looking information. When used in this discussion, the words "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected due to a number of factors beyond our control. We do not undertake to publicly update or revise any of our forward-looking statements even if experience or future changes show that the indicated results or events will not be realized. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. You are also urged to carefully review and consider our discussions regarding the various factors that affect our business, included in this section and elsewhere in this report.

#### Factors That Could Affect Future Results

We face an inherent risk of exposure to product liability claims in the event that the use of our products results in injury. Such claims may include, among others, that our products contain contaminants or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. We do not anticipate obtaining contractual indemnification from parties supplying raw materials or marketing our products. In any event, any such indemnification if obtained would be limited by our terms and, as a practical matter, to the creditworthiness of the indemnifying party. In the event that we do not have adequate insurance or contractual indemnification, product liabilities relating to defective products could have a material adverse effect on our operations and financial conditions.

Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the use of our products or any similar products distributed by other companies could have a material adverse effect on our operations. Such adverse publicity could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products as directed. In addition, we may not be able to counter the effects of negative publicity concerning the efficacy of our products. Any such occurrence could have a negative effect on our operations.

Other key factors that affect our operating results are as follows:

- o Overall customer demand and acceptance for our various products.
- o Volume of products ordered and the prices at which we sell our products.
- o Our ability to manage our cost structure for capital expenditures and operating expenses such as salaries and benefits, freight and royalties.
- o Our ability to match operating costs to shifting volume levels.
- o Increases in the cost of raw materials and other supplies.
- o The impact of competitive products.
- o Limitations on future financing.
- o Increases in the cost of borrowings and unavailability of debt or equity capital.
- o Our inability to gain and/or hold market share.

- o Exposure to and expense of resolving and defending product liability claims and other litigation.
- o Managing and maintaining growth.
- o The success of product development and new product introductions into the marketplace.
- o The departure of key members of management.
- o Our ability to efficiently manufacture our products.
- o Unexpected customer bankruptcy.

#### Overview and Plan of Operation

The Company currently has limited business operations, maintaining leased offices in Arlington, Texas, and Fort Lauderdale, Florida. All major business functions are performed by our subsidiary, Wound Care Innovations, LLC. Although WCI is a distributor of our products, it is also responsible for product packaging development, packaging materials, and coordination of all processes except the actual manufacturing of the product. WCI also conducts other activities that are typical of a product distributor and include sales, marketing, customer service, and customer support. All of these activities are run and managed out of WCI's Fort Lauderdale, Florida offices.

Manufacturing of our products is conducted by Applied Nutritionals, an unrelated party. Warehousing, shipping, and physical inventory management is outsourced to Diamond Contract Manufacturing of Rochester, New York.

Our sales and marketing activities to date have been limited and have resulted in a nominal revenue stream. Through these activities, we have, however, secured product evaluations with a number of key accounts. These accounts are regional and national healthcare provider organizations that represent strong recurring revenue opportunities for the Company.

We currently intend to secure capital resources for expansion of staff, inventories, marketing efforts, and research and development; however we may be unsuccessful in our efforts to secure such capital. If we are successful in raising capital, we anticipate hiring a number of management, marketing, and clinical staff to secure additional accounts, market to the broader US wound care market, support customers in specific geographies, broaden our clinical/educational programs, and evaluate retail and international market opportunities.

#### Results of Operations

##### Three Months Ended September 30, 2006 Compared To September 30, 2005

-----

**Revenues.** The Company generated revenues for the three months ended September 30, 2006, of \$39,556 (2005: \$59,119), through its wholly-owned subsidiary WCI. We have experienced a 33% decrease for the presented periods which is a result of a decrease in powder sales due to expired product. We purchased approximately \$78,500 of powder products that were received in September 2006 and we expect our sales to re-generate as a result.

**Cost of revenues and gross margin.** Costs of revenues for the 2006 period were \$26,495 (2005: \$39,285) resulting in a gross margin of \$13,061 (2005: \$19,834). Our gross margins approximated 33% for both periods presented. We don't expect realization of gross margins to increase much higher as we bear the costs and continue to try to compete with other larger, better capitalized companies that can offer a similar product at a reduced cost.

**Selling, general and administrative expenses ("SGA").** SGA for the 2006 period were \$118,093 (2005: \$130,094) and consisted primarily of wages, facility-related expenses such as rent and utilities, and outside professional services such as legal and professional fees incurred in connection with our SEC reporting requirements. We expect selling, general and administrative expenses to increase as we continue to expand our marketing efforts and the number of products we offer and as our business continues to grow and the costs associated

with being a public company continue to increase as a result of increased reporting requirements, including but not limited to the Sarbanes-Oxley Act of 2002.

Other expense. Other expenses represents interest expense accrued on the Company's outstanding related party notes payable and has increased due to the increase in payables.

Net loss and loss per share. Net loss did not fluctuate materially for the periods presented and loss per share remained the same at \$0.01 for the periods presented.

Nine Months Ended September 30, 2006 Compared To September 30, 2005  
-----

Revenues. The Company generated revenues for the nine months ended September 30, 2006 of \$133,340 (2005: \$158,435), through its wholly-owned subsidiary WCI. Revenues decreased 16% which is a result of a decrease in powder sales due to expired product. We purchased approximately for the presented periods, \$78,500 of powder products that were received in September 2006 and we expect our sales to re-generate as a result.

Cost of revenues and gross margin. Costs of revenues for 2006 were \$104,858 (2005: \$115,609) resulting in a gross margin of \$28,482 (2005: \$42,826), a decrease in our gross margin percentage of sales from approximately 27% in 2006 to 21% 2005. We don't expect realization of gross margins to increase much higher as we bear the costs and continue to try to compete with other larger, better capitalized companies that can offer a similar product at a reduced cost.

Selling, general and administrative expenses ("SGA"). SGA for 2006 were \$362,457 (2005: \$421,744) and consisted primarily of wages, facility-related expenses such as rent and utilities, and outside professional services such as legal and professional fees incurred in connection with our SEC reporting requirements. We expect selling, general and administrative expenses to increase as we continue to expand our marketing efforts and the number of products we offer and as our business continues to grow and the costs associated with being a public company continue to increase as a result of increased reporting requirements, including but not limited to the Sarbanes-Oxley Act of 2002. During the nine month period ended September 30, 2005, we incurred fees related to royalty expenses and option fees to maintain an exclusive option on our wound care product that have since expired. The significant fees incurred were \$225,000 consisting of \$150,000 due under the option agreement and \$75,000 paid as an option fee to maintain the exclusive right to distribute the product.

Other expenses. Other expenses represents interest expense accrued on the Company's outstanding related party notes payable and has increased due to the increase in payables.

Net loss and loss per share. Net loss decreased as a result of a reduction in SGA as described above. Net per share was reduced to \$0.03 from \$0.04 for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has limited resources to maintain its current operations, secure inventory, and meet its contractual obligations and we realize that additional capital must be raised immediately through equity or debt offerings. If we are unable to obtain additional capital, we will be unable to operate our business. The Company has continuously incurred losses from operations and has a significant accumulated deficit. The appropriateness of using the going concern basis is dependent upon the Company's ability to obtain additional financing or equity capital and, ultimately, to achieve profitable operations. These conditions raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The following are the Company's current contractual obligations that will require additional funding to meet as necessary:

Operating leases. The Company leases office space and office equipment under operating leases expiring in various years through 2009. Rental expense charged to operations for the three and nine months ended September 30, 2006 was approximately \$27,000 and \$79,000, respectively. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of 1 year as of September 30, 2006, for each of the next five years and in the aggregate are as follows (approximately):

2007	\$ 94,000
2008	62,000
2009	48,000
2010	--
2011	--
	-----
	\$ 204,000
	=====

Capital leases. The Company leases a phone system under a capital lease for a period of thirty-six months through September 2007. Minimum future lease payments under capital lease due in the next twelve months total \$4,192.

Federal Payroll Taxes. The Company is delinquent in the payment of its payroll tax liabilities with the Internal Revenue Service. As of September, 30, 2006, unpaid payroll taxes totaled approximately \$188,000 and related penalties and interest of approximately \$61,000 computed through September 30, 2006, and are included in accrued liabilities at September 30, 2006. The Company expects to pay these delinquent payroll tax liabilities as soon as possible. The final amount due will be subject to the statutes of limitations related to such liabilities and to negotiations with the Internal Revenue Service.

Going Concern. We have insignificant revenues, negative cash flow from operating activities, and we rely on income from operations and loans from shareholders to fund operating expenses as necessary. It is our belief that we will continue to incur losses for at least the next twelve months, and as a result will require additional funds from debt or equity investments to meet such needs. To meet these objectives, management's plans are to (i) raise capital by obtaining either debt or equity financing, (ii) issue stock for services rendered in lieu of cash payments and (iii) obtain loans from shareholders as necessary.

Without realization of additional capital or significant revenues from operations, it would be unlikely for the Company to continue as a going concern. The Company anticipates that its majority shareholders will contribute sufficient funds to satisfy the cash needs of the Company for the next twelve months. However, there can be no assurances to that effect, as the Company has minimal revenues and the Company's need for capital may change dramatically if it is successful in expanding its current business or acquiring a new business. If the Company cannot obtain needed funds, it may be forced to curtail or cease its activities. Our future funding requirements will depend on numerous factors, some of which are beyond the Company's control. These factors include our ability to operate profitably, recruit and train management and personnel, and to compete with other, better-capitalized and more established competitors.

Research and Development The Company does not anticipate incurring significant research and development costs, the purchase of any major equipment, or any significant changes in the number of its employees over the next twelve months, unless the company's operations change materially.

#### RELATED PARTY TRANSACTIONS

A related party is generally defined as (i) any person that holds 10% or more of the Company's securities and their immediate families, (ii) the Company's management, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can

significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Funds are advanced from various related parties including the Company's President/CEO/CFO/majority shareholder, including various entities controlled by him, and other shareholders to fund the company as necessary to meet working capital requirements and expenses. The advances are made pursuant to a loan agreements that bear interest at 10% per annum, payable quarterly. All notes are current liabilities. Accrued interest due to related parties included in accrued liabilities as of September 30, 2006 was approximately \$111,000. The following is a summary of principal due to/from related parties as of September 30, 2006:

Related party	Nature of relationship	Terms of the agreement	Principal due to related parties
Scott Haire, an individual	Chairman of the Board, CEO and CFO of the Company	Unsecured note dated July 11, 2005 for \$10,000 at 10% per annum, due on December 31, 2006.	\$ 10,000
HEB, LLC	Controlled by Scott Haire, Chairman President, CEO and CFO of the company.	Series of funds advanced under two separate, unsecured \$1 million lines of credit dated November 26, 2003 and November 4, 2004, both at 10% per annum; no maturity date, interest payable quarterly; unused lines available at September 30, 2006 total \$1,423,053.	576,947
Araldo Cossutta, an individual	Director and shareholder of the Company	Series of unsecured notes bearing interest at 10% per annum, maturing through December 31, 2006.	367,000
eAppliance Payment Solutions, LLC	Controlling owners in eAppliance Payment Solutions, LLC are Araldo Cossutta and Scott Haire	Note dated January 1, 2004 for \$2,410 at 10% per annum due on December 31, 2006.	2,410
			\$ 956,357

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to the Exchange Act Rule 13a-14. This evaluation was done under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, Scott Haire. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal controls or in the other factors that could affect those controls since the most recent evaluation of such controls.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings - None

ITEM 2. Changes in Securities and Use of Proceeds - None

ITEM 3. Defaults Upon Senior Securities - None

ITEM 4. Submission of Matters to a Vote of Security Holders - None

ITEM 5. Other Information - None

ITEM 6. Exhibits

(a) Exhibits

31 Certification pursuant to Rule 13a-14(a)/15d-14(a)

32 Certification of Principal Executive Officer and Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

MB SOFTWARE CORPORATION

Date: November 13, 2006

/s/ Scott A. Haire

-----  
Scott A. Haire, Chairman of the Board,  
Chief Executive Officer and President  
(Principal Financial Officer)

## CERTIFICATIONS

I, Scott A. Haire, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of MB Software Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or causes such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2006

/S/ Scott A. Haire

Scott A. Haire,

Chairman of the Board, (Chief Executive Officer and Principal Financial Officer)

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MB Software Corporation on Form 10-QSB for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof, I, Scott A. Haire, Chief Executive Officer and principal financial officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 13, 2006

/S/ Scott A. Haire  
Scott A. Haire,  
Chairman of the Board,  
(Chief Executive Officer and Principal Financial Officer)