

MULTISYS LANGUAGE SOLUTIONS INC
Form 10-Q
May 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2010

Transition report pursuant Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

000-53632

(Commission file number)

MULTISYS LANGUAGE SOLUTIONS, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

29-2973652

(State or other jurisdiction

(IRS Employer

of incorporation or organization)

Identification No.)

8045 Dolce Volpe Ave.; Las Vegas, NV 89178

(Address of principal executive offices)

702-499-3990

(Registrant's telephone number)

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 []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

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or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

On May 19, 2010, 2,052,500 shares of the registrant's common stock, par value \$.001 per share, were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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(A Development Stage Company)

March 31, 2010 and 2009

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**MULTISYS
LANGUAGE
SOLUTIONS, INC.**

**(A
DEVELOPMENT
STAGE
COMPANY)**

**BALANCE
SHEETS**

March 31, 2010

December 31, 2009

(Unaudited)

ASSETS

CURRENT ASSETS

Cash

\$

2,609

\$

3,855

Accounts receivable

2,328

2,036

Total Current Assets

4,937

5,891

SOFTWARE
RESELLER
AGREEMENT

Software Reseller
Agreement

10,000

10,000

Accumulated
Amortization

(1,833)

(1,583)

SOFTWARE
RESELLER
AGREEMENT, net

8,167

8,417

Total Assets

\$

13,104

\$

14,308

**LIABILITIES AND
STOCKHOLDERS'
DEFICIT**

**CURRENT
LIABILITIES:**

Accounts payable

1,569

\$

3,919

Royalty payable

218

102

Accrued expenses

8,200

6,700

Interest payable

98

32

Note payable - officer

6,500

6,500

Total Current
Liabilities

\$

16,585

17

\$

17,253

STOCKHOLDERS'
DEFICIT:

Preferred stock,
\$.001 par value,
10,000,000 shares
authorized,

none issued or
outstanding

-

-

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

1,852,500 shares
issued and
outstanding

1,853

1,853

Additional paid-in
capital

109,147

109,147

Deficit accumulated
during the
development stage

(114,481)

(113,945)

Total Stockholders'
Deficit

(3,481)

(2,945)

Total Liabilities and
Stockholders' Deficit

\$

13,104

\$

21

*See accompanying
notes to the financial
statements.*

**MULTISYS
LANGUAGE
SOLUTIONS, INC.**

**(A
DEVELOPMENT
STAGE
COMPANY)**

**STATEMENTS OF
OPERATIONS**

For the Period from

For the Three

Months Ended

For the Three

Months Ended

June 6, 2008
(Inception) through

March 31, 2010

March 31, 2009

March 31, 2010

(Unaudited)

(Unaudited)

(Unaudited)

REVENUES
EARNED

DURING THE
DEVELOPMENT
STAGE

\$

2,328

\$

-

\$

6,012

OPERATING
EXPENSES

Distribution and
advertising

-

-

60,000

Amortization

250

250

1,833

Officer's consulting

-

3,000

15,000

Professional fees

2,375

6,275

39,521

Royalty

116

-

300

General and
administrative
expenses

58

1,214

3,741

Total Expenses

2,799

10,739

120,395

LOSS FROM
OPERATIONS

(471)

(10,739)

(114,383)

OTHER (INCOME)
EXPENSES

Interest expense

65

-

98

Total other (income)
expenses

65

-

98

LOSS BEFORE
TAXES

(536)

(10,739)

(114,481)

INCOME TAXES

-

-

-

NET LOSS

\$

(536)

\$

36

(10,739)

\$

(114,481)

NET LOSS PER
COMMON SHARE

- BASIC AND
DILUTED:

\$
(0.00)

\$
(0.01)

\$
(0.07)

Weighted common
shares outstanding

- basic and diluted

1,852,500

1,852,500

1,653,275

*See accompanying
notes to the financial
statements.*

**MULTISYS
LANGUAGE
SOLUTIONS, INC.**

**(A
DEVELOPMENT
STAGE
COMPANY)**

**STATEMENT OF
STOCKHOLDERS'
EQUITY
(DEFICIT)**

**For the Period from
June 6, 2008
(inception) through
March 31, 2010**

(Unaudited)

Deficit

Accumulated

Total

Additional

during the

Stockholders'

Common stock, \$.001
par value

Paid-in

Development

Equity

Shares

Amount

Capital

Stage

(Deficit)

Balance - June 6,
2008 (Inception)

-

\$

-

\$

-

\$

-

-

Issuance of common
stock for cash

upon formation at
\$0.001 per share

500,000

500

500

Issuance of common
stock for cash

in August 2008 at
\$0.001 per share

250,000

250

250

Issuance of common
stock for cash

in September 2008 at
\$0.10 per share

1,092,500

1,093

108,157

109,250

Issuance of common
stock for cash

in October, 2008 at
\$0.10 per share

10,000

10

990

1,000

Net loss

(86,909)

(86,909)

Balance - December
31, 2008

1,852,500

1,853

109,147

(86,909)

24,091

Net loss

(27,036)

(27,036)

Balance - December
31, 2009

1,852,500

1,853

109,147

(113,945)

(2,945)

Net loss

(536)

(536)

Balance - March 31,
2010

1,852,500

\$

1,853

\$

109,147

\$

(114,481)

\$

(3,481)

*See accompanying
notes to the financial
statements.*

**MULTISYS
LANGUAGE
SOLUTIONS,
INC.**

**(A
DEVELOPMENT
STAGE
COMPANY)**

**STATEMENTS
OF CASH
FLOWS**

For the Period from

For the

For the

June 6, 2008

Three Months

Ended

Three Months

Ended

(Inception) through

March 31, 2010

March 31, 2009

March 31, 2010

(Unaudited)

(Unaudited)

(Unaudited)

CASH FLOWS
FROM
OPERATING
ACTIVITIES:

Net Loss

\$

(536)

(10,739)

\$

(114,481)

Adjustments to
reconcile net loss to
net cash

used in operating
activities

Amortization
expense

250

250

1,833

Changes in
operating assets and
liabilities:

Accounts
receivable

(292)

-

(2,328)

Accounts payable

(2,350)

-

1,569

Royalty payable

116

-

218

Interest payable

98

-

98

Accrued expenses

1,468

(8,012)

8,168

NET CASH USED
BY OPERATING
ACTIVITIES

(1,246)

(18,501)

(104,923)

CASH FLOWS
FROM
INVESTING
ACTIVITIES:

Purchase of
Software Reseller
Agreement

-

-

(10,000)

NET CASH USED
IN INVESTING
ACTIVITIES

-

-

(10,000)

CASH FLOWS
FROM
FINANCING
ACTIVITIES:

Proceeds from
related party note

payable

-

-

6,532

Proceeds from sale
of common stock

-

-

111,000

NET CASH
PROVIDED BY
FINANCING
ACTIVITIES

-

-

117,532

NET CHANGE IN
CASH

(1,246)

(18,501)

2,609

Cash at beginning
of period

3,855

25,349

-

Cash at end of
period

\$

2,609

\$

6,848

\$

2,609

SUPPLEMENTAL
DISCLOSURE OF

CASH FLOWS
INFORMATION:

Interest paid

\$

65

\$

-

\$

98

Taxes paid

\$

-

\$

76

-

\$

-

*See accompanying
notes to the
financial
statements.*

Multisys Language Solutions, Inc.

(A Development Stage Company)

March 31, 2010 and 2009

Notes to the Financial Statements

(Unaudited)

NOTE 1 - ORGANIZATION AND OPERATIONS

Multisys Language Solutions, Inc. (a development stage company) (*MLS* or the *Company*) was incorporated on June 6, 2008 under the laws of the State of Nevada. The Company intends to distribute interactive multimedia language education software developed by Strokes International AG., an Austria based software company in the Great China Region including the People's Republic of China (*PRC*), Hong Kong Special Administrative Region of PRC (*Hong Kong SAR*), Macao Special Administrative Region of PRC (*Macao SAR*) and Taiwan (*Territory*) pursuant to an exclusive Software Reseller Agreement (*Software Reseller Agreement*) via an independent third party software distribution company in the Territory.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (*U.S. GAAP*) for interim financial information, and with the rules and regulations of the United States Securities and Exchange Commission (*SEC*) to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Unaudited interim results are not necessarily indicative of the results for the full year. These unaudited interim financial statements should be read in conjunction with the financial statements of the Company for the year ended December 31, 2009 and notes thereto contained in the information as part of the Company's Annual Report on Form 10-K filed with the SEC on April 7, 2010.

Development stage company

The Company is a development stage company as defined by section 915-10-20 of the FASB Accounting Standards Codification. Although the Company has recognized some nominal amount of revenues since inception, the Company is still devoting substantially all of its efforts on establishing the business and its planned principal operations have not commenced. All losses accumulated since inception have been considered as part of the Company's development stage activities.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported losses.

Use of estimates

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

Cash equivalents

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

Software reseller agreement

The Company has adopted the guidelines as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification for the Software Reseller Agreement. Under the requirements as set out in paragraph 350-30-25-3 and paragraph 350-30-35-6 of the FASB Accounting Standards Codification, the Company amortizes the costs of the

acquired Software Reseller Agreement over its estimate useful life of ten (10) years. Upon becoming fully amortized, the related cost and accumulated amortization are removed from the accounts.

Impairment of long-lived assets

The Company follows paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include the software reseller agreement, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives. The Company determined that there were no impairments of long-lived assets at March 31, 2010 or 2009.

Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification (Paragraph 820-10-35-37) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1

Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2

Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3

Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of financial assets and liabilities, such as cash, accounts receivable, accounts payable, royalty payable, and accrued expenses, approximate their fair values because of the short maturity of these instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at March 31, 2010 or 2009, nor gains or losses are reported in the statement of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the interim period ending March 31, 2010, 2009 or for the period from June 6, 2008 (inception) through March 31, 2010.

Revenue recognition

The Company follows the guidance of paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. The Company will derive royalties from distribution of interactive multimedia language education software sold by an independent third party distributor assigned by the Company in the Territory. The Company entered into a Sales and Marketing Agreement (Sales Agreement) with Xiamen Eurotech Intelligence Commercial & Trading Co., Ltd. (Xiamen). Pursuant to the Sales Agreement, Xiamen will pay the Company \$4.00 (equivalent to RMB27.38 using the currency exchange rate at December 31, 2008) for each unit of language education software sold by Xiamen in the Territory. The royalty is

calculated on a quarterly basis, and a royalty report detailing the total number of units sold by Xiamen during the reporting period at the applicable royalty rate of \$4.000 per unit sold as well as the royalty payment is due within thirty (30) days after the last day of the reporting period. The Company recognizes revenues upon receipts of the royalty report. If the Company determines that collection of the royalty is not reasonably assured, the Company defers the fee and recognizes revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash.

Stock-based compensation for obtaining employee services

The Company accounted for its stock based compensation under the recognition and measurement principles of the fair value recognition provisions of paragraph 718-10-30-3 of the FASB Accounting Standards Codification using the modified prospective method for transactions in which the Company obtains employee services in share-based payment transactions. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the third-party performance is complete or the date on which it is probable that performance will occur.

The fair value of options, if any, is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

The Company uses historical data to estimate employee termination behavior. The expected life of options granted is derived from paragraph 718-10-S99-1 of the FASB Accounting Standards Codification and represents the period of time the options are expected to be outstanding.

The expected volatility is based on a combination of the historical volatility of the comparable companies stock over the contractual life of the options.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option.

The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the contractual life of the option.

The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award, if any. Additionally, the Company's policy is to issue new shares of common stock to satisfy stock option exercises.

The Company's board of directors approved the adoption of the 2008 Non-Qualified Stock Option and Stock Appreciation Rights Plan by unanimous consent on June 6, 2008. This plan was initiated to encourage and enable officers, directors, consultants, advisors and other key employees of the Company to acquire and retain a proprietary interest in the Company by ownership of its common stock. 1,000,000 of the authorized shares of the Company's common stock may be subject to, or issued pursuant to, the terms of the plan.

The Board of Directors did not grant the issuance of any non-statutory stock options from the Company's 2008 Non-Qualified Stock Option Plan for the interim period ending March 31, 2010, 2009 or the period from June 6, 2008 (inception) through March 31, 2010.

Equity instruments issued to parties other than employees for acquiring goods or services

The Company accounted for instruments issued to parties other than employees for acquiring goods or services under the recognition and measurement principles of the fair value recognition provisions of section 505-50-30 of the FASB Accounting Standards Codification (FASB ASC Section 505-50-30). Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the third-party performance is complete or the date on which it is probable that performance will occur.

The fair value of the warrants is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

The expected life of warrants granted is derived from paragraph 718-10-S99-1 of the FASB Accounting Standards Codification and represents the period of time the warrants are expected to be outstanding.

The expected volatility is based on a combination of the historical volatility of the comparable companies stock over the contractual life of the warrants.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the warrants.

The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the contractual life of the warrants.

Income tax

- 10 -

The Company accounts for income taxes under paragraph 710-10-30-2 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

The Company adopted the provisions of paragraph 740-10-25-13 of the FASB Accounting Standards Codification. Paragraph 740-10-25-13 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under paragraph 740-10-25-13, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Paragraph 740-10-25-13 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of paragraph 740-10-25-13.

Net loss per common share

Net loss per common share is computed pursuant to paragraph 260-10-45-10 of the FASB Accounting Standards Codification. Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during each period to reflect the potential dilution that could occur from common shares issuable through stock warrants.

The following table shows the weighted-average number of potentially outstanding dilutive shares excluded from the diluted net loss per share calculation for the interim period ended March 31, 2010 and 2009 as they were anti-dilutive:

Weighted
average

number of
potentially
outstanding
dilutive
shares

For the
Interim
Period
Ended
March 31,
2010

For the
Interim
Period
Ended
March 31,
2009

Warrants
issued on
June 11,
2008 in
connection
with the
Company's
June 11,
2008
acquisition
of the
software
reseller
agreement
with an
exercise
price of
\$0.10 per
share and
expiring
three (3)
years from
the date of
issuance

100,000

100,000

Total
potentially
outstanding
dilutive
shares

100,000

100,000

Recently issued accounting pronouncements

In June 2003, the Securities and Exchange Commission (SEC) adopted final rules under Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404), as amended by SEC Release No. 33-9072 on October 13, 2009. Under the provisions of Section 404 of the Sarbanes-Oxley Act, public companies and their independent auditors are each required to report to the public on the effectiveness of a company s internal controls. The smallest public companies with a public float below \$75 million have been given extra time to design, implement and document these internal controls before their auditors are required to attest to the effectiveness of these controls. This extension of time will expire beginning with the annual reports of companies with fiscal years ending on or after June 15, 2010. Commencing with its annual report for the year ending December 31 2010, the Company will be required to include a report of management on its internal control over financial reporting. The internal control report must include a statement

Of management s responsibility for establishing and maintaining adequate internal control over its financial reporting;

Of management s assessment of the effectiveness of its internal control over financial reporting as of year end; and

Of the framework used by management to evaluate the effectiveness of the Company s internal control over financial reporting.

Furthermore, it is required to file the auditor's attestation report separately on the Company's internal control over financial reporting on whether it believes that the Company has maintained, in all material respects, effective internal control over financial reporting.

In June 2009, the FASB approved the FASB Accounting Standards Codification (the Codification) as the single source of authoritative nongovernmental U.S. GAAP to be launched on July 1, 2009. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered non-authoritative. The Codification is effective for interim and annual periods ending after September 15, 2009.

In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-04 *Accounting for Redeemable Equity Instruments - Amendment to Section 480-10-S99* which represents an update to section 480-10-S99, distinguishing liabilities from equity, per EITF Topic D-98, *Classification and Measurement of Redeemable Securities*. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In August 2009, the FASB issued the FASB Accounting Standards Update No. 2009-05 *Fair Value Measurement and Disclosures Topic 820 Measuring Liabilities at Fair Value*, which provides amendments to subtopic 820-10, Fair Value Measurements and Disclosures Overall, for the fair value measurement of liabilities. This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: 1. A valuation technique that uses: a. The quoted price of the identical liability when traded as an asset b. Quoted prices for similar liabilities or similar liabilities when traded as assets. 2. Another valuation technique that is consistent with the principles of topic 820; two examples would be an income approach, such as a present value technique, or a market approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this update also clarify that both a quoted price in an active market for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-08 *Earnings Per Share Amendments to Section 260-10-S99*, which represents technical corrections to topic 260-10-S99, Earnings per share, based on EITF Topic D-53, *Computation of Earnings Per Share for a Period that includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock* and EITF Topic D-42, *The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*. The Company does not expect the adoption of this update to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-09 *Accounting for Investments-Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees* . This update represents a correction to Section 323-10-S99-4, *Accounting by an Investor for Stock-Based Compensation Granted to Employees of an Equity Method Investee*. Additionally, it adds observer comment *Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees* to the Codification. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In September 2009, the FASB issued the FASB Accounting Standards Update No. 2009-12 *Fair Value Measurements and Disclosures Topic 820 Investment in Certain Entities That Calculate Net Assets Value Per Share (or Its Equivalent)* , which provides amendments to Subtopic 820-10, Fair Value Measurements and Disclosures-Overall, for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). The amendments in this update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in U.S. GAAP on investments in debt and equity securities in paragraph 320-10-50-1B. The disclosures are required for all

investments within the scope of the amendments in this update regardless of whether the fair value of the investment is measured using the practical expedient. The Company does not expect the adoption to have a material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-01 *Equity Topic 505 Accounting for Distributions to Shareholders with Components of Stock and Cash*, which clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share (EPS)). Those distributions should be accounted for and included in EPS calculations in accordance with paragraphs 480-10-25-14 and 260-10-45-45 through 45-47 of the FASB Accounting Standards Codification. The amendments in this Update also provide a technical correction to the Accounting Standards Codification. The correction moves guidance that was previously included in the Overview and Background Section to the definition of a stock dividend in the Master Glossary. That guidance indicates that a stock dividend takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. It also indicates that the proportional interest of each shareholder remains the same, and is a key factor to consider in determining whether a distribution is a stock dividend.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-02 *Consolidation Topic 810 Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification*, which provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

1.

A subsidiary or group of assets that is a business or nonprofit activity

2.

A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture

3.

An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1.

Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.

2.

Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas-Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 GOING CONCERN

As reflected in the accompanying financial statements, the Company had a deficit accumulated during the development stage of \$114,481 at March 31, 2010 and had a net loss of \$536 and cash used in operations of \$1,246 for the interim period then ended, respectively, with nominal amount of revenues since inception.

While the Company is attempting to commence operations and generate sufficient revenues, the Company's cash position may not be significant enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate sufficient revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate revenues.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 SOFTWARE RESELLER AGREEMENT

On June 11, 2008, the Company acquired an exclusive Software Reseller Agreement (Software Reseller Agreement) for the People s Republic of China (PRC) to market an interactive multimedia language education software package. The Software Reseller Agreement was originally granted by Strokes International AG to Peter Schmid, an individual, who later sold and conveyed his legal interest in the Software Reseller Agreement to Multisys Language Solutions, Inc. The Company purchased the Software Reseller Agreement in consideration of (i) \$10,000 in cash and (ii) a warrant to purchase 100,000 shares of the Company s common stock at \$0.10 per share expiring three (3) year from the date of the issuance, and (iii) a royalty equal to 4% of all revenue received from the sale of all language education software sold in the PRC. Pursuant to the Software Reseller Agreement the Company is required to pay Strokes International AG (Strokes) 40% of the suggested retail price on each unit sold.

The fair value of warrant grant estimated on the date of grant uses the Black-Scholes option-pricing model with the following weighted-average assumptions:

**June 11,
2008**

Risk-free
interest
rate

3.16%

Dividend
yield

0.00%

Expected
volatility

0.00%

Expected
option life
(year)

3.00

The warrant to purchase 100,000 shares of the Company's common stock at \$0.10 per share was valued at its fair market value at the date of issuance, using the Black-Scholes valuation model, of nil.

On June 23, 2008, the Company entered into an Exclusive Marketing and Distribution Agreement (Distribution Agreement) with Xiamen Eurotech Intelligence Commercial & Trading Co., Ltd. (Xiamen), effective July 1, 2008 for a term of one and a half years expiring on December 31, 2009 with automatic renewal if Xiamen achieves defined objectives of the sales. Pursuant to the Distribution Agreement, Xiamen assumed the underlying financial obligations of the Software Reseller Agreement and will directly remit proceeds from the sale of Language Education Software to Strokes. Under the terms and conditions of the Resellers Agreement the Company agreed to sell three different interactive multimedia language education software programs for the following Net Retail Prices (NRP): (1) 385 RMB for the beginners program; (2) 556 RMB for the intermediate program; and (3) 726 RMB for the advanced program. Since the products will be produced in the PRC by Xiamen, the costs for production, duplication, packaging, printing and marketing expenses in the amount of 45 RMB for the beginners program, 55 RMB for the intermediate program, and 65 RMB for the advanced program will be deducted from the NRP before calculating 40% of the NRP payable to Strokes. Xiamen retains 60% of the NRP to cover all operating costs and will pay the Company \$4.00 (equivalent to RMB27.38 using the currency exchange rate at December 31, 2008) for each unit of language education software sold by XIAM in the Territory.

Software reseller agreement at cost at March 31, 2010 and December 31, 2009 consisted of the following:

March 31,
2010

December
31, 2009

Software
reseller
agreement

\$

10,000

\$

10,000

Accumulated
amortization

(1,833

)

(1,583

)

\$

8,167

\$

8,417

Amortization expense

Amortization expense for the interim periods ended March 31, 2010 and 2009 was \$250 and \$250, respectively. Amortization expense for the next five (5) years is \$1,000 per year.

NOTE 5 STOCKHOLDERS EQUITY

Common stock

The Company sold 500,000 shares of common stock at par to the president, CEO and Chairwoman of the Board of the Directors for \$500 in cash in June, 2008 upon its formation.

In August, 2008 the Company sold 250,000 shares at par to two (2) officers and directors for \$250 in cash.

In September, 2008, the Company sold 1,092,500 shares of common stock at \$0.10 per share to 41 individuals for \$109,250 in cash.

In October, 2008, the Company sold 10,000 shares of common stock at \$0.10 per share to one (2) individuals for \$1,000 in cash.

Stock options

The Company's board of directors approved the adoption of the 2008 Non-Qualified Stock Option and Stock Appreciation Rights Plan by unanimous consent on June 6, 2008. This plan was initiated to encourage and enable officers, directors, consultants, advisors and other key employees of the Company to acquire and retain a proprietary interest in the Company by ownership of its common stock. 1,000,000 of the authorized shares of the Company's common stock may be subject to, or issued pursuant to, the terms of the plan.

The Board of Directors had not approved or granted the issuance of any non-statutory stock options from the Company's 2008 Non-Qualified Stock Option Plan for the interim periods ending March 31, 2010 and 2009.

Warrants

In connection with the entry into the Software Reseller Agreement, the Company issued a warrant to purchase 100,000 shares of the Company's common stock at \$0.10 per share expiring three (3) year from the date of the issuance, all of which has been earned upon issuance. The fair value of these warrants granted, estimated on the date of grant, was nil at the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected
warrant
life
(year)

3.00

Expected
volatility

0.00%

Risk-free
interest
rate

3.16%

Dividend
yield

0.00%

The table below summarizes the Company's warrants activity for the period from June 6, 2008 (inception) through March 31, 2010:

**Number of
Warrant
Shares**

**Exercise Price
Range
Per Share**

**Weighted
Average
Exercise Price**

**Fair Value at
Date of
Issuance**

Aggregate

Intrinsic

Value

Balance, June
6, 2008

-

\$

-

\$

-

\$

-

\$

-

Granted

100,000

0.10

0.10

-

-

Canceled

106

-

-

-

-

-

Exercised

-

-

-

-

-

Expired

-

-

-

-

-

Balance,
December 31,
2008

100,000

\$

0.10

\$

110

0.10

\$

-

\$

-

Granted

-

-

-

-

-

Canceled

-

-

-

-

-

Exercised

-

-

-

-

Expired

-
-
-
-
-

Balance,
December 31,
2009

100,000

\$
0.10

\$
0.10

\$
-

\$
-

Granted

-

-

-

-

-

Canceled

-

-

-

-

-

Exercised

-

-

-

-

-

Expired

-

-

-

-

-

Balance, March
31, 2010

100,000

\$

0.10

\$

0.10

\$

-

\$

-

Earned and
exercisable,
March 31, 2010

100,000

\$

0.10

\$

0.10

\$

-

\$

-

Unvested,
March 31, 2010

-

\$

0.10

\$

0.10

\$

-

\$

-

The following table summarizes information concerning outstanding and exercisable warrants as of March 31, 2010:

**Warrants
Outstanding**

**Warrants
Exercisable**

**Range of
Exercise
Prices**

**Number
Outstanding**

**Average
Remaining
Contractual
Life (in
years)**

**Weighted
Average
Exercise
Price**

**Number
Exercisable**

**Average
Remaining
Contractual
Life (in
years)**

**Weighted
Average
Exercise
Price**

\$0.10

100,000

1.50

\$

0.10

100,000

0.10

\$

0.10

\$0.10

100,000

127

1.50

\$

0.10

100,000

0.10

\$

0.10

NOTE 6 RELATED PARTY TRANSACTIONS

Note payable officer

On November 9, 2009, the Company entered into a promissory note with the President, Chief Executive Officer and Director, whereby the President made a loan to the Company in the amount of \$6,500 for a period of One Hundred Eighty (180) days. The promissory note bears interest at 6% per annum, originally maturing on May 8, 2010, which has been repaid in the amount of \$6,665 inclusive of principal of \$6,500 and interest of \$165 on April 12, 2010.

Consulting services provided by and compensation booked to officer

Consulting services provided by and compensation booked to the President, Chief Executive Officer and Director were \$0 and \$3,000 for the interim periods ended March 31, 2010 and 2009, respectively.

Free office space from the President, Chief Executive Officer and Director

The Company has been provided office space at no cost by the President, Chief Executive Officer and Director. The management determined that such cost is nominal and did not recognize rent expense in its financial statements.

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated all events that occurred after the balance sheet date of March 31, 2010 through May 19, 2010, the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were reportable subsequent events to be disclosed as follows:

On April 12, 2010 the Company sold 200,000 shares of restricted common stock for \$10,000 cash to one (1) qualified investor at \$0.05 per share.

On April 12, 2010 the Company fully repaid the principal of the promissory note to the President, Chief Executive Officer and Director as well as accumulated interest of \$165.

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

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND INVOLVES A HIGH DEGREE OF RISK AND UNCERTAINTY. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACTS, INCLUDED IN OR INCORPORATED BY REFERENCE INTO THIS FORM 10-Q ARE FORWARD-LOOKING STATEMENTS. IN ADDITION, WHEN USED IN THIS DOCUMENT, THE WORDS ANTICIPATE, ESTIMATE, PROJECT, AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS DUE TO RISKS AND UNCERTAINTIES THAT EXIST IN OUR OPERATIONS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS, UNCERTAINTIES AND ASSUMPTIONS INCLUDING AMONG OTHERS, THE RISK THAT OUR PRODUCT DEVELOPMENT PROGRAMS WILL NOT PROVE SUCCESSFUL, THAT WE WILL NOT BE ABLE TO OBTAIN FINANCING TO COMPLETE ANY FUTURE PRODUCT DEVELOPMENT, THAT OUR PRODUCTS WILL NOT PROVE COMPETITIVE IN THEIR MARKETS. THESE RISKS AND OTHERS ARE MORE FULLY DESCRIBED IN OUR MOST RECENT 10-K ANNUAL REPORT. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED OR PROJECTED.

ALTHOUGH WE BELIEVE THAT THE EXPECTATIONS INCLUDED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, WE CANNOT GIVE ANY ASSURANCES THAT THESE EXPECTATIONS WILL PROVE TO BE CORRECT. WE UNDERTAKE NO OBLIGATION TO PUBLICLY RELEASE THE RESULT OF ANY REVISIONS TO SUCH FORWARD-LOOKING STATEMENTS THAT MAY BE MADE TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

The following discussion and analysis should be read in conjunction with our financial statements and the notes thereto appearing in Part I, Item 1.

General.

Multisys Language Solutions, Inc. was organized under the laws of the State of Nevada on June 6, 2008, and is doing business as a marketer of language education software in the People's Republic of China. We are structured expressly

as a marketing entity and therefore we do not engage in the design, development or manufacturing of language education software. We intend to operate only in China under the terms of our exclusive Software Reseller Agreement with Strokes International AG, an unaffiliated Austrian company. We purchased the Software Reseller Agreement in June 2008 for (i) \$10,000 in cash, (ii) warrants to purchase 100,000 shares of our common stock at \$0.10 per share valid for three years from the date of issuance, and (iii) a royalty equal to 5% of all revenue received by us from the sale of all language education software sold in China. Since commencement of operations in 2008, our efforts to date have been principally devoted to and limited primarily to organization, initial capitalization, business development, identifying a marketing partner in China, preparing a comprehensive business and operating plan, and evaluating, with our exclusive marketing agent in China, the market in China to which to market language education software. Substantial research has been undertaken on competing software currently being offered in China to teach residents of China to learn how to speak English and German.

Under our exclusive Software Resellers Agreement with Strokes International, AG (or Strokes) we are required to pay a royalty fee equal to 40% of the net retail price on each unit sold after the production and marketing fee to Xiamen Eurotech Intelligence Commercial & Trading Co. (Xiamen) is taken out. In July 2008 we entered into an Exclusive Marketing and Distribution Agreement with Xiamen under which Xiamen acts as our exclusive marketing agent to produce, market, and sell the language education software products in the covered territories of China, Taiwan, Hong Kong, and Macao. As part of that agreement, Xiamen has assumed the underlying financial obligations of the Software Reseller Agreement and will remit proceeds from the sale of language education software products to Strokes on a direct basis.

Under the terms and conditions of the Resellers Agreement with Strokes we agreed to sell three different interactive multimedia language education software programs for the following net retail prices: 1) 385 RMB (\$56.40) for the beginner program; 2) 556 RMB (\$81.46) for the intermediate program; and 3) 726 RMB (\$106.36) for the advanced program. Because the products will be produced in China by Xiamen, the costs for production, duplicated, packaging, printing and marketing expenses in the amount of 45 RMB for the beginners program, 55 RMB for the intermediate program, and 65RMB for the advanced

program will be deducted from the net retail price before calculating 40% of the net retail price payable to Strokes. Out of the 60% net retail price to be retained by Xiamen for all operating costs and Multisys will receive \$4.00 per unit sold or 27.30 RMB, using the currency conversion calculation as of this date.

Xiamen is marketing the software over the internet in China on a direct basis, using other direct marketing programs, and is also attempting to distribute the software through one or more of the large retail chains that specialize in selling software in China. Examples of these large chain stores that Xiamen is working towards getting as a distributor of the Strokes software are Dang Dang, Amazon China, and Danwei Bookstores. The primary focus of Xiamen has been establishing and defining multiple sales channels and supporting them with meaningful marketing programs, promotions, and advertising to the extent that funds are available to Xiamen from outside sources or by reinvesting income from sales. Xiamen duplicates the software and assumes responsibility for its packaging and distribution. We provided \$60,000 to Xiamen in September 2008 to financially assist in the organization and launch of the language education software products. They have completed initial production, packaging, and marketing and have sold 1,503 units as of March 31, 2010, of which 921 were sold prior to December 31, 2009 and 572 units were sold in the quarter ending March 31, 2010. They will continue to advertise and market the product throughout 2010 and try to increase sales volume.

We required Xiamen to meet certain minimum annual sales volumes under the terms of the Exclusive Marketing and Distributions Agreement, beginning in 2009 through the end of 2012. Pursuant to an amendment of the agreement with Xiamen, we agreed to waive the minimum sales requirement for 2008 and 2009. This waiving of the minimum was necessary because the regulatory review of the product by the Chinese government took far longer than originally anticipated and the product was not cleared for sales in China until June of 2009. The minimum annual sales requirements for 2010-2012, which are 6,000, 12,000 and 12,000 units, respectively, remain in effect at this time.

Results of Operations

Since Multisys was formed on June 6, 2008, it has earned only \$6,012 in revenue and has incurred a net loss of \$114,481 for the period from June 6, 2008 (inception) through March 31, 2010. \$2,328 was earned during the three months ended March 31, 2010 based on the sale of 572 units of the language education software products in China, compared to \$0 earned for the three months ended March 31, 2009.

For the period from June 6, 2008 (inception) through March 31, 2010, we incurred \$60,000 in distribution and advertising expenses and \$3,740 in general and administrative expenses. The \$60,000 in distribution and advertising was paid in September of 2008 to Xiamen and we did not have any additional distribution and advertising expenses for the three months ended March 31, 2009 or the three months ended March 31, 2010. Our general and administrative fees decreased from \$1,214 for the three months ended March 31, 2009, to \$58 for the three months ended December 31, 2010. This decrease was attributed to less banking fees, postage fees, and EDGAR filing fees.

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The following table provides selected financial data about our company for the year ended December 31, 2009, from inception to December 31, 2008, and for the Three Months ended March 31, 2010 (unaudited).

Balance Sheets
Data

For the Fiscal
Year Ended
December 31,
2009

For the Period
from June 6,
2008
(Inception)
through
December 31,
2008

For the Three
Months ended
March 31,
2010
(Unaudited)

Cash

\$

3,855

\$

25,349

\$

2,609

Software
Reseller
Agreement, net

8,417

9,417

8,167

Total assets

\$

14,308

\$

34,766

\$
13,104

Total current
liabilities

\$
17,253

\$
10,675

\$
16,585

Stockholders
equity (deficit)

(2,945)

24,091

(3,481)

Total liabilities
and
stockholders
equity (deficit)

\$

14,308

\$

34,766

\$

13,104

Our cash in the bank at March 31, 2010 was \$2,609. Net cash provided by financing activities since June 8, 2008 (inception) through March 31, 2010 was \$117,500 from the sale of our common stock and a related party note payable.

Net cash used by operating activities for the period from June 6, 2008 (inception) through March 31, 2010, was \$104,891. For the three months ended March 31, 2010, our total expenses were \$2,799 as compared to \$10,739 for the three months ended March 31, 2009. The expenses were much higher for the period ended March 31, 2009 because of higher professional fees incurred and \$3,000 paid out for consulting fees. We do not presently expect our expenses to increase in next twelve months, with the exception of audit fees associated with our annual report on Form 10-K billed in the second quarter that will be approximately \$4,000 higher.

Our material financial obligations include our public reporting expenses, transfer agent fees, bank fees, and other recurring fees. We expect to pay these ongoing costs through various potential funding sources, as discussed below in the Liquidity and Capital Resources section.

In its report on our December 31, 2009 audited financial statements, our auditors expressed an opinion that there is substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. We have been in the developmental stage and have had revenues of only \$6,012 since inception. For the period from June 8, 2008 (inception) through March 31, 2010, we realized a net loss of \$114,481. Our continuation as a going concern is dependent upon including our ability to raise additional capital and to generate positive cash flows. There can be no assurance to that effect.

Liquidity and Capital Resources.

We are currently financing our operations from the proceeds from sales of common stock offered pursuant to a private placement pursuant to Rule 504 of Regulation D of the Securities Act of 1933 which was closed in October of 2008, in which we had gross proceeds of \$110,250. As of March 31, 2010, we had cash in the amount of \$2,609 with no available line of credit. We need to raise additional capital or generate sufficient revenues by the second quarter of 2010 or curtail our operations.

Our recent rate of use of cash in our operations has been approximately \$2,500 per month. We expect that cash burn rate to stay fairly constant until either revenues increase dramatically or until it is economically viable to explore other languages with our educational software pursuant our business plan.

Net cash from financing activities for the period from June 6, 2008 (inception), through March 31, 2010, was \$117,500. This funding came from 43 investors in an offering of common stock at \$.10 per share totaling \$110,250

that ended in October of 2008, and \$750 from our three officers for common stock at \$.001 per share, then \$6,500 in a related party note payable that was repaid on April 12, 2010.

We plan to finance our needs principally from the following:

- Issuance of convertible promissory notes and warrants.
- A private placement stock offering for shares in the company.

Given our recent rate of use of cash in our operations, we do not have sufficient capital to carry on operations past June 2010, but we plan to raise at least \$50,000 in additional capital in a private placement offering to secure the funds needed to finance our plan of operation for at least the next twelve months. However, this is a forward-looking statement, and there may be changes that could consume available resources before such time. Our long term capital requirements and the adequacy of our available funds will depend on many factors, including the eventual reporting company costs, public relations fees and operating expenses, among others. If we are unable to raise additional capital or generate sufficient revenue we will have to curtail or cease our operations.

We are pursuing potential equity financing and other collaborative arrangements that may generate additional capital for us. We cannot assure you that we will generate sufficient additional capital or revenues, if any, to fund our operations beyond June 2010, that any future equity financings will be successful, or that other potential financings through bank borrowings, debt or equity offerings, or otherwise, will be available on acceptable terms or at all.

If we cannot generate sufficient financing or revenues to continue operations, we will suspend or cease operations. By virtue of our inability to secure financing or generate revenues over the preceding year, we will begin to seek out other sources of cash, including new investors, joint venture and strategic partners or loans from our officers or directors. If we cease operations, we do not know what we would do subsequently and we have no plans to do anything in such event. We have no plans to dissolve statutorily at this time, under any circumstances. We are engaged in general discussions with multiple companies who may be interested in acquiring us. As of this date there is no definitive agreement signed and there is no assure that any

acquisition will be feasible in the future and in the event there is an acquisition, there is no assurance that it will be in the best interest of our shareholders.

Subsequent Events

On April 12, 2010 the Company sold 200,000 shares of restricted common stock for \$10,000 cash to one (1) qualified investor at \$0.05 per share.

On April 12, 2010 the Company fully repaid the principal of the promissory note to the President, Chief Executive Officer and Director as well as accumulated interest of \$165.

Critical Accounting Policies and Estimates.

This discussion and analysis of our financial condition and results of operations are based on our financial statements that have been prepared under accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from those estimates. All significant accounting policies have been disclosed in Note 2 to the financial statements included in this Form 10-K. Our critical accounting policies are:

Use of estimates

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

Intangible Assets

Multisys Language Solutions' intangible assets are composed of an exclusive Software Reseller Agreement with Strokes International AG and a Sales and Marketing Agreement with Xiamen Eurotech Intelligence Commercial & Trading Co.

Revenue Recognition

The Company follows the guidance of paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. The Company will derive royalties from distribution of interactive multimedia language education software sold by an independent third party distributor assigned by the Company in the Territory. The Company entered into a Sales and Marketing Agreement (Sales Agreement) with Xiamen Eurotech Intelligence Commercial & Trading Co., Ltd. (Xiamen). Pursuant to the Sales Agreement, Xiamen will pay the Company \$4.00 (equivalent to RMB27.38 using the currency exchange rate at December 31, 2008) for each unit of language education software sold by Xiamen in the Territory. The royalty is calculated on a quarterly basis, and a royalty report detailing the total number of units sold by Xiamen during the reporting period at the applicable royalty rate of \$4.000 per unit sold as well as the royalty payment is due within thirty (30) days after the last day of the reporting period. The Company recognizes revenues upon receipts of the royalty report. If the Company determines that collection of the royalty is not reasonably assured, the Company defers the fee and recognizes revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by our management, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of March 31, 2010. Based on that evaluation our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures were ineffective as of March 31, 2010.

Changes in Internal Control Over Financial Reporting

As of March 31, 2010, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended March 31, 2010, that materially affected, or are reasonably likely to materially affect, our company's internal control over financial reporting.

Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY 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

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation of Registrant (1)
3.2	Bylaws of Registrant (1)
10.1	Common Stock Purchase Warrant (included within the Assignment of Interest Agreement between Multisys Language Solutions, Inc. and Peter Schmid dated June 11, 2008) (1)
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	

Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.

32.1

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).

32.2

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

(1)

Filed with the Securities and Exchange Commission on February 26, 2009, as an exhibit, numbered as indicated above, to the Registrant's registration statement on Form S-1 (file no. 333-157564), which exhibit is incorporated herein by reference.

SIGNATURES

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.

Multisys Language Solutions, Inc.

May 19, 2010

By:

/s/ Janelle Edington

Janelle Edington

President and Chief Executive Officer

(Principal Executive Officer)

May 19, 2010

By:

/s/ Raymond Kuh

Raymond Kuh

Chief Financial Officer and Treasurer

(Principal Financial and Accounting
Officer)

