OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Costas, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 1255 W. Rio Salado Parkway
Address 2: Suite 215
Address 3: _____
Phone: 832-212-6267
Email: info@costasinc.com
Website(s): www.costasinc.com

IR Contact
Address 1:
Address 2:
Address 3:
Phone:
Email:
Website(s):

3) Security Information

Trading Symbol: CSSI
Exact title and class of securities outstanding: Common
CUSIP: 226160A107
Par or Stated Value: $0.001
Total shares authorized: 1,000,000,000 as of: 9/30/2014
Total shares outstanding: 98,888,401 as of: 9/30/2014

Additional class of securities (if necessary):
Trading Symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or Stated Value: _____
Total shares authorized: _____ as of: _____
Total shares outstanding: _____ as of: _____

Transfer Agent
Name: Pacific Stock Transfer Company
Address 1: 4045 S. Spencer St., Suite 403
Address 2: Las Vegas, NV 89119
Address 3:
Phone: 702-361-3033
Is the Transfer Agent registered under the Exchange Act?* Yes: X No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

No

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Effective December 10, 2014, the Company completed a reverse split of the outstanding shares of common stock at the ratio of one (1) share for every twenty-five (25) shares outstanding. All fractional shares resulting from the reverse split were rounded up to the next whole number.

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

None

B. Any jurisdictions where the offering was registered or qualified;

_____

C. The number of shares offered;

_____

D. The number of shares sold;

_____

E. The price at which the shares were offered, and the amount actually paid to the issuer;

_____

F. The trading status of the shares; and

Free Trading

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Yes

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

September 30, 2014 Financial Statements have been filed on OTC Markets.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

Costas Inc. is a digital media company which owns and develops web-based consumer internet assets and communities in the United States and India. India has one of the fastest growing economies in the world and Costas through its acquisition and development of knowledge based products and services has created a digital bridge between India and the United States.

B. Date and State (or Jurisdiction) of Incorporation:

December 10, 1998, Nevada

C. the issuer's primary and secondary SIC Codes;

7380

D. the issuer's fiscal year end date;

December 31

E. principal products or services, and their markets;

Digital Media

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

None

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Ashley Sansalone: Sole officer and director

Dark Horse Systems Inc.	Control Person
Caledonian Bank House Limited	Control Person

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Name & Address	Percentage Owner
Dark Horse Systems Inc. 20903 Katie Marie Cir. Cypress, TX 77433	59.2%

Ashley Sansalone – Sole Officer and Director
#1, 1349 69th St. W.
Calgary, AB T3H 2Z8

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: W. Scott Lawler
Firm: Booth Udall Fuller, PLC
Address 1: 1255 W. Rio Salado Parkway, Suite 215
Address 2: Tempe, AZ 85281
Phone: 480-830-2700
Email: wsl@boothudall.com

Accountant or Auditor
Name: Kevin Hartley, CPA
Firm: Hartley Moore Accountancy Corporation
Address 1: 17981 Sky Park Circle, Suite H
Address 2: Irvine, CA 92614
Phone: 949-438-4131
Email: Kevin@hmcpa.com

Investor Relations Consultant
Name: N/A
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
Name: N/A
Firm: _____

Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Ashley Sansalone certify that:

1. I have reviewed this Quarterly Disclosure Statement of Costas, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

1/22/2015

/s/ Ashley Sansalone
Ashley Sansalone
President

COSTAS INC.

FINANCIAL REPORT

FOR THE QUARTER ENDED

September 30, 2014

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COSTAS INC.
QUARTERLY REPORT
For the Period Ended September 30,
2014

Item 1: Exact name of the issuer and the address of its principal executive offices.

Name of the Issuer: COSTAS, Inc.

Principal Executive offices: 1255 W. Rio Salado Pkwy
Suite 215

Tempe, AZ 85281

Telephone: (480) 830---2700
Facsimile: (480) 830---2717
Web site: www.costasinc.com

Investor Relations Officer: N/A

Investor Relations Office: 1255 W. Rio Salado Pkwy
Suite 215

Tempe, AZ 85281

Investor Relations Telephone: 480---830---2700

Investor Relations Fax: 480---830---2717

Investor Relation Email: IR@COSTASINC.COM

Item 2 Shares outstanding.

The following table sets forth information concerning the equity securities of COSTAS, Inc. as of September 30, 2014

SECURITIES AUTHORIZED AND OUTSTANDING Class	As of	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (public float)	Total Number of Beneficial Shareholders (1)	Total Number of Shareholders of Record
Common	September 30, 2014	1,000,000,000	98,888,401	10,658,400	118	118

COSTAS INC

UNAUDITED FINANCIAL STATEMENTS

The accompanying consolidated balance sheet of COSTAS, INC. as of September 30, 2014 and December 31, 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for the three and nine month periods ended September 30, 2014 and 2013 have been prepared by the Company's management and they include all information and notes to the financial statements necessary for a complete presentation of the financial position and the results of the Company's operations.

COSTAS, INC.
QUARTERLY REPORT
BALANCE SHEET
AS OF SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(Unaudited)

ASSETS	September 30, 2014	December 31, 2013
CURRENT ASSETS		
Cash	99	431
Trade Receivables	1,171	41,319
Loans and Advances	-	5,448
Investments	4,939	8,078
Total Current Assets	6,209	55,275
EQUIPMENT, net	736	920
OTHER ASSETS		
Intangible Assets	319,375	319,375
Total Other Assets	319,375	319,375
TOTAL ASSETS	**326,320**	**375,571**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Payables	8,601	4,963
Loan Payables	160,954	190,833
Current Liabilities and Others		-
Total Current Liabilities	169,555	195,796
LOAN PAYABLE TO BANK & OTHERS	-	-
Total Liabilities	169,555	195,796
STOCKHOLDERS' EQUITY		
Common Stock, authorized 1,000,000,000 shares at $0.001 per value 98,888,401 shares issued and outstanding.	98,888	104,163
Preferred Stock 20,000,000 shares authorized at no par value (Preferred shares issued and outstanding-none	-	-
Additional Paid in Capital	21,335	16,060
Retained Earnings	36,542	59,552
Total Stockholders' Equity	156,765	179,775
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**326,320**	**375,571**

COSTAS, INC.
QUARTERLY REPORT
STATEMENT OF OPERATIONS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited)

	September 30, 2014	September 30, 2013
INCOME		
Revenue	-	8,658
Total Revenue	**-**	**8,658**
COST OF SALES		
Purchase/Expenditure		
Total Cost of Sales	-	-
Gross Profit	-	8,658
EXPENSES		
Salary Exps	-	-
Depreciation Expense	141	159
Interest/Bank Expense	-	-
Others	22,869	11,982
	-	-
Total Expense	23,010	12,141
Net loss before extraordinary Items	(23,010)	(3,483)
Extraordinary Items	-	-
Loss before Provision for	-	-
Income Taxes	-	-
Provision for Income Taxes	-	-
NET INCOME (LOSS)	**(23,010)**	**(3,483)**
Basic and Diluted Earnings Earnings (Loss) per Common Share	(0.00)	(0.00)
Basic and Diluted Weighted Average Number of Common Shares	100,361,379	104,163,401

COSTAS, INC.
QUARTERLY REPORT
STATEMENT OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited)

	September 30, 2014	September 30, 2013
INCOME		
Revenue	-	7,170
Total Revenue	**-**	**7,170**
COST OF SALES		
Purchase/Expenditure		
Total Cost of Sales	-	-
Gross Profit	-	7,170
EXPENSES		
Salary Exps	-	-
Depreciation Expense	94	46
Interest/Bank Expense	-	-
Others	15,076	7,284
	-	-
Total Expense	15,170	7,330
Net loss before extraordinary Items	(15,170)	(160)
Extraordinary Items	-	-
Loss before Provision for	-	-
Income Taxes	-	-
Provision for Income Taxes	-	-
NET INCOME (LOSS)	**(15,170)**	**(160)**
Basic and Diluted Earnings		
Earnings (Loss) per Common Share	(0.00)	(0.00)
Basic and Diluted Weighted Average		
Number of Common Shares	98,888,401	104,163,401

COSTAS, INC.
QUARTERLY REPORT
STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013
(Unaudited)

	September 30, 2014	September 30, 2013
Cash Flows from Operating Activities		
Net Income (Loss)	(23,010)	(3,483)
Adjustment to Retained Earnings	-	11,694
Depreciation Expense	141	159
Amortization Expense	-	-
Stock Issued for services	-	-
Changes in assets and liabilities:		
Accounts Receivable	40,148	2,005
Investment	-	-
Loans and Advances	-	-
Accounts Payable	3,638	364
Accrued Payroll liabilities	-	-
Current Liabilities-others	-	-
Net Cash Provided by Operations	20,917	10,739
Cash Flows Used in Investing Activities		
Proceeds from sale of property and equipment	43	-
Collections on Loans and Advances	5,448	8,429
Proceeds from Sale of (Cash Paid for Purchase of) Investments	3,139	(702)
Net Cash Used in Investing Activities	8,630	7,727
Cash Flows from Financing Activities		
Payments on Loans Payable	(29,879)	(17,589)
Sales of Stock	-	-
Capital Contributions	-	-
Subscribed Shares Note	-	-
Special Interest	-	-
Cash Flows from Financing Activities	(29,879)	(17,589)
Net Increase (Decrease) in Cash	(332)	877
Cash, Beginning of Period	431	481
Cash, End of Period	**99**	**1,358**

COSTAS, INC,
(the "Company")
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE 1: ORGANIZATION

The Company was originally organized as "COSTAS INC" on December 10, 1998 under the corporate laws of the State of Nevada.

On July 1, 2010, the Company purchased all of the technology assets of eJobResource, Inc. The purchase included eJob Resources' online job search and posting site to provide a virtual bridge between the Indian and U.S. technology job markets; all job search technology, which aggregates job posting from many sites, and make them available via XML API. The Company also acquired U.S. and India based strategic alliances with online and offline media partners to deliver content to our users; all contracts with advertisers, electronic commerce merchants and third party content providers used to reach our users in order to generate revenue; all contracts regarding strategic investments, alliances and acquisitions to expand our customer base, increase utilization of our network and add new technologies to our service mix; and all acquisition candidates within web hosting, data center, web implementation and/or systems integration companies serving India, the United States or other markets.

In consideration for the assets purchased, the Company issued a total of 50,000,000 newly issued shares of its Common Stock. The Company has changed its business model to a digital media company which owns and develops web based consumer internet assets and communities in the United States and India.

On July 19, 2010, the Company amended its Articles of Incorporation by increasing the Company's authorized capital stock to 1,000,000,000 Common Shares.

As of September 30, 2014, the Company has authorized capital stock of 1,000,000,000 Common Shares, par value $0.001 per share, and 20,000,000 preferred shares, no par value.

As of December 31, 2013 the Company had 104,163,401 Common Shares outstanding and no preferred shares outstanding. During the nine months ended September 30, 2014, the Company revoked and cancelled 5,275,000 shares of common stock that had previously been issued for services during 2010 and 2011. The estimated value of these shares was expensed during those periods as it was estimated that the services were provided during the respective periods. The Company estimated that 5,000,000 of these shares, retired in March 2014, were valued at $0.04 per share at the time of retirement, and that 275,000 of these shares, retired in June 2014, were valued at $0.03 per share at the time of retirement. These retirements were noncash transactions that did not impact the statement of operations or any part of the balance sheet other than equity for the nine months ended September 30, 2014. As of September 30, 2014 the Company has 98,888,401 Common Shares outstanding and no preferred shares outstanding.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements.

Accounting Methods

These accounting policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The books and records of the Company are maintained on the accrual basis of accounting for financial statements and tax reporting purposes.

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends to stockholders.

Revenue Recognition

The Company recognizes revenue at the time the services are fully performed.

Use of Estimates

The Company prepares its financial statements in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments, with maturity dates of three months or less when purchased, to be cash equivalents. The Company had no cash equivalents at September 30, 2014 and December 31, 2013.

Financial Instruments and Fair Value of Financial Instruments

The Company applies the provisions of accounting guidance, FASB ASC 825, "Financial Instruments", that requires all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of September 30, 2014 and December 31, 2013, the fair value of cash, accounts receivable, investments, accounts payable, and loans payable approximated carrying value due to the short maturity of the instruments, quoted market prices or interest rates which fluctuate with market rates.

The Company defines fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and

significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 — Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level 2 — Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 — Level 3 inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a nonrecurring basis during the reporting periods. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared.

Long Lived Assets

The Company's long-lived assets consisted of property and equipment and intangible assets and are reviewed for impairment in accordance with the guidance of the FASB ASC 360, "Property, Plant, and Equipment", and FASB ASC 205, "Presentation of Financial Statements". The Company tests for impairment losses on long-lived assets used in operations whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Impairment evaluations involve management's estimates on asset useful lives and future cash flows. Actual useful lives and cash flows could be different from those estimated by management, which could have a material effect on our reporting results and financial positions. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. Through December 31, 2013, the Company had not experienced impairment losses on its long-lived assets. However, there can be no assurances that demand for the Company's products or services will continue, which could result in an impairment of long-lived assets in the future.

For the Quarter ended September 30, 2014 management leases its office, furniture, fixtures and office equipment on an "as needed" basis.

Concentrations

The financial instruments that potentially expose the Company to a concentration of credit risk principally

consist of cash and cash equivalents. The Company places its cash and cash equivalents with high credit quality institutions. From time to time, the Company maintains cash balances with a financial institution in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of $250,000. At September 30, 2014, the Company had no funds in excess of the FDIC limit.

Variable Interest Entities

The Company follows the guidelines in FASB Codification of ASC 810 "Consolidation" which indicates "a legal entity that is deemed to be a business need not be evaluated by a reporting entity to determine if the legal entity is a Variable Interest Entity" unless any one of four conditions exist:

- The reporting entity, its related parties, or both participated significantly in the design or redesign of the legal entity;

- The legal entity is designed so that substantially all of its activities involve or are conducted on behalf of the reporting entity and its related parties;

- The reporting entity and its related parties provide more than half of the total of the equity, subordinated debt, and other forms of subordinated financial support to the legal entity; or

- The activities of the legal entity are primarily related to the securitizations or other forms of asset-backed financings or single-lessee leasing arrangements.

A VIE is an entity that either (a) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (b) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. If we determine that we have operating power and the obligation to absorb losses or receive benefits, we consolidate the VIE as the primary beneficiary, and if not, we do not consolidate. The Company has not identified any VIE's as of September 30, 2014.

Basic and Diluted Net Income (Loss) Per share

Basic net income (loss) per share amounts is computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes anti dilutive and then only the basic per share amounts are shown in the report.

NOTE 3: RELATED PARTY TRANSACTIONS

The Company has not entered into any transactions with related parties.

NOTE 4: LEASE COMMITMENTS

The Company is leasing its office on month to month basis and therefore company has no lease commitments.

NOTE 5: INCOME TAX PROVISION

The Company accounts for income taxes under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 “Income Taxes.” Under the asset and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. 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. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

The Company expects to recognize the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount to be recognized in the financial statements will be the benefit expected to be realized upon settlement with the tax authority.

For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2013, the Company had no uncertain tax positions. The Company recognizes interest and penalties, if any, related to uncertain tax positions as general and administrative expenses. The Company currently has no federal or state tax examinations nor has it had any federal or state examinations since its inception. To date, the Company has not incurred any interest or tax penalties.

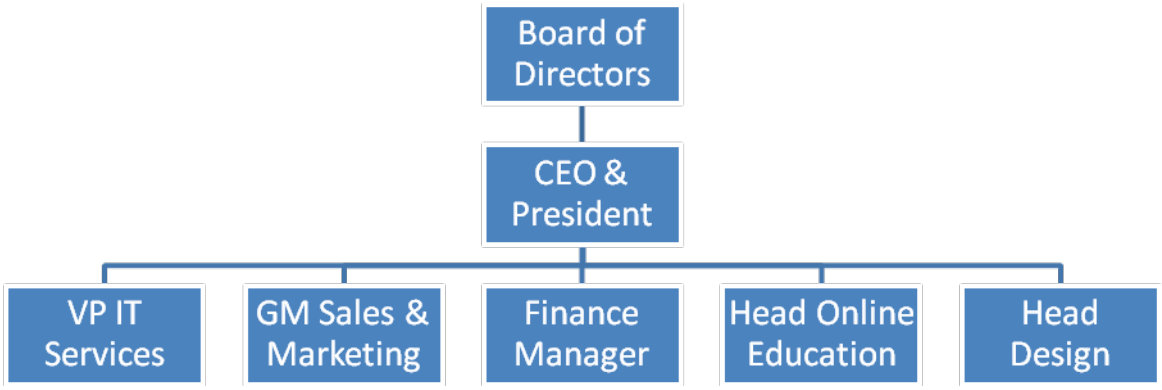
Item 4 Management’s discussion and analysis or plan of operation.

Mission and Organizational Structure:

Costas Inc.’s vision is to revolutionize how consumers in India engage, exchange information and purchase products and services. By combining our specific content, technologies, and electronic commerce capabilities Costas will be well positioned to deliver solutions that can transform the future of engaging experiences and e---commerce across all digital content, platforms, and devices.

While we are creating significant customer value by "completing the loop" from content creation through optimization, we also expect to benefit Costas's own business model, accelerating both revenue and earnings growth

Organization Structure



Performance goals, Objectives and Results:

Non---Infringement and Early Introduction

Costas, Inc. is an active acquirer and developer of digital media assets in India and the U.S. We leverage each of our company's unique content which gives us the ability to expand into new vertical markets within India. In addition, we expect Costas's electronic commerce will benefit from cross---sell solutions to the combined customer base, which includes media and entertainment, agency, retail, manufacturing, financial services, and several other industries.

The combined capabilities of our digital media company will allow us to build stronger relationships with customers, expand the number of subscribers, and capture recurring revenue by offering ongoing value over a digital platform

Going Concerns

The current economic environment may pose a challenge for the Company in raising funds for business. The economic recovery in the developed world remains sluggish with doubts about sustainability of recovery. The Company must continually have access to the capital markets to raise funds for operations. Lack of financing may hinder further growth and slow the implementation of the business plan.

Item 5 Legal proceedings.

NONE

Item 6 Defaults upon senior securities.

NONE

Item 7 Other information.

NONE

Item 8 Exhibits.

Item 9 Certifications.

I, Ashley Sansalone, certify that:

1. I have reviewed this annual disclosure statement of COSTAS, Inc., (CSSI.PK);
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Signed this 22nd Day of January, 2015
President
COSTAS, INC.

_/s/ Ashley Sansalone
By: Ashley Sansalone President
and CEO