

# **PTS, Inc.**

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## **CONSOLIDATED FINANCIAL STATEMENTS REPORT**

Years Ended  
December 31, 2014 and 2013

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**PTS, INC**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,519,650	\$ --
Receivables	136,644	22,147
Inventory		18,831
Note receivable	1,000,000	
Prepaid	61,011	3,600
Total current assets	5,727,305	133,115
Investments		--
Total assets	\$ 5,727,305	\$ 4,876,971
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Bank overdraft	\$ -	\$ 3,471
Accounts payable & accrued liabilities		2,307
Other liability	100	26,963
Total current liabilities	100	32,741
Total liabilities	100	32,741-
Stockholders' Equity:		
Preferred stock, \$0.001 par value 200,000,000 authorized:		
Series A convertible preferred stock, 20,000,000 shares authorized, 3,937,500 shares issued and outstanding	3,938	3,938
Series B convertible preferred stock, 20,000,000 shares authorized, none issued and outstanding	--	--
Series C convertible preferred stock, 20,000,000 shares authorized, none issued and outstanding	--	--
Series D convertible preferred stock, 20,000,000 shares authorized, 15,000,000 shares issued and outstanding	15,000	15,000
Series E convertible preferred stock, 20,000,000 shares authorized, none issued and outstanding	--	
Series F convertible preferred stock, 20,000,000 shares authorized, none issued and outstanding	--	
Series G convertible preferred stock, 20,000,000 shares authorized, none issued and outstanding	--	
Common stock, \$0.001 par value 3,800,000,000 authorized 3,887,370,430 and 685,776,655 issued and outstanding, respectively	3,887,371	685,277
Additional paid in capital	2,013,691	20,913,474
Accumulated deficit	(192,795)	(21,528,864)
Total stockholders' equity	5,727,205	100,374,
Total liabilities and stockholders' equity	\$ 5,727,305	133,114

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

**PTS, INC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**Years Ended December 31,**

	2014	2013
Revenue	\$ --	\$ 243,323
Cost of sales	--	57,762
Gross margin	--	185,561
Operating expenses:		
General and administrative expense	425,099	152,548
Gain (loss) from operations	(425,099)	33,013
Other income		
Unrealized gain(loss)	96,117	--
Interest income	136,973	--
Total other income	233,090	--
Net income (loss)	\$ (192,009)	\$ 33,013
Net loss per share, basic and diluted	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding	3,072,470,233	685,776,655

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

**PTS, INC**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**  
**(Unaudited)**

	<b>Common Stock</b>		<b>Preferred Shares</b>	<b>Stock Amount</b>	<b>Additional Paid-In Capital</b>	<b>Currency Translation</b>	<b>Retained Earnings</b>	<b>Total Stockholders' Equity (Deficit)</b>
	<b>Shares</b>	<b>Amount</b>						
Balance at December 31, 2012	685,276,558	685,2779	30,487	30,487	20,714,964	(2,452)	(21,703,819)	(275,543)
Debt forgiveness	--	--	--	--	198,510	--	141,942	340,452
Currency translation	--	--	--	--	--	2,457	--	2,457
Net loss	--	--	--	--	--	--	33,013	33,013
Balance at December 31, 2013	685,276,558	685,277	30,487	30,487	20,913,474	--	\$(21,528,864)	100,374
Reverse out existing business	--	--	--	--	(268,940)	--	167,509	(101,431)
Common stock issued for cash	623,542,530	623,543	--	--	376,457	--	--	1,000,000
Common stock issued for reverse merger	3,067,998,226	3,067,998,	--	--	1,852,273	--	--	4,920,271
Common stock cancelled	(489,446,884)	(489,447)	--	--	489,447	--	--	--
Reverse merger	--	--	(11,549)	(11,549)	(21,349,020)	--	(21,360,569)	--
Net loss	--	---	--	--	--	--	(192,009)	(192,009)
Balance at December 31, 2014	3,887,370,430	\$3,887,371	18,938	\$18,938	\$ 2,013,691	--	\$ (192,795)	\$ 5,727,205)

**PTS, INC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Net income(loss)	\$ (192,009)	\$ 33,013
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(136,644)	152,950
Inventory	--	(18,871)
Accounts payable & accrued expense	100	(191,474)
Prepaid	(61,011)	(3,600)
<b>Net cash used in operating activities</b>	<u>(389,564)</u>	<u>(30,434)</u>
<b>Cash flows from investing activities</b>		
Investment in note receivable	(1,000,000)	--
<b>Net cash used in investing activities</b>	<u>(1,000,000)</u>	<u>--</u>
<b>Cash flows from financing activities:</b>		
Bank overdraft	--	3,471
Cash from merger in exchange for stock	5,919,214	
Proceeds from notes payable	--	26,963
<b>Net cash provided by financing activities</b>	<u>5,919,214</u>	<u>30,434</u>
Net increase in cash	4,,529,650	--
Cash – beginning of year	--	--
Cash – end of year	<u>\$ 4,529,650</u>	<u>--</u>
<b>SUPPLEMENT DISCLOSURES:</b>		
Interest paid	--	--
Income taxes paid	--	--
<b>NON-MONETARY TRANSACTIONS</b>		
Debt forgiven	\$ --	\$ 501,705

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

**PTS, INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION**

The Company, PTS, Inc., was incorporated in the state of Nevada on November 5, 1996.

On March 14, 2014 the Company amended its articles of incorporation increasing the authorized shares to 4,000,000,000 consisting of common stock of 3,800,000,000 and preferred stock of 200,000,000. On May 27, 2014, the Company further amended its articles of incorporation increasing the authorized shares to 5,000,000,000 consisting of common stock of 4,800,000,000 and preferred stock of 200,000,000.

On March 21, 2014, AVC Venture Capital Group, Inc. (“AVC”) entered into a share exchange agreement with PTS, Inc. (“the Company”), a public shell company. Pursuant to the agreement, the Company acquired all of the outstanding shares of common stock of AVC, a Nevada corporation incorporated on December 10, 2013, by issuing 3,067,998,226 shares of its common stock to AVC in exchange for all of the AVC issued and outstanding shares. The transaction was accounted for as a reverse recapitalization transaction, as the Company qualified as a non-operating public shell company. Prior to the share exchange, the Company had 685,276,558 common shares, 3,937,500 shares of Series A preferred stock and 15,000,000 shares of Series D preferred stock outstanding. An aggregate of 489,446,884 common shares were returned to the Company and cancelled concurrent with the share exchange. After the share exchange, the Company had an aggregate of 3,263,827,900 common shares, 3,937,500 shares of Series A preferred stock and 15,000,000 shares of Series D preferred stock outstanding.

On May 29, 2014 the Company formed a subsidiary Matchedje Motor Holdings Inc. On September 29, 2014 the subsidiary completed an acquisition of Matchedje Motor Ltd, a BVI entity which resulted in the Company maintaining a 2% ownership in the merged companies.

On December 8, 2014 the Company formed a wholly owned subsidiary PTS Resource, INC

On December 17, 2014 the Company formed a wholly owned subsidiary Sleepaid Holdings Inc.

**Basis of Presentation**

The financial information set forth herein is unaudited. This financial information, in the opinion of management, includes all adjustments consisting of normal recurring entries necessary for the fair presentation of such data. The fiscal year end of the Company is December 31.

**NOTE 2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2014, the Company had no cash equivalents.

### General and Administrative Expenses

The Company's general and administrative expenses consisted of the following types of expenses during the nine months ended December 31, 2014: compensation expense, travel and entertainment, legal and accounting, utilities, and other administrative related expenses.

### Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company accounts for income taxes under the provisions of Financial Accounting Standards Board Accounting Standards Codification 740, *Accounting for Income Taxes*. It prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result, the Company has applied a more-likely-than-not recognition threshold for all tax uncertainties. The guidance only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the various taxing authorities.

### Basic and Diluted Net Loss per Share

Basic and diluted net loss per share calculations are calculated on the basis of the weighted average number of common shares outstanding during the year. Diluted loss per share calculations includes the dilutive effect of common stock. Basic and diluted net loss per share is the same due to the absence of common stock equivalents.

### Fair Value of Financial Instruments

The Company's financial instruments including cash approximate their fair value due to their short term maturities.

### Recent Accounting Pronouncements

The Company does not expect the adoption of any recently issued accounting pronouncements to have a significant impact on its financial position, results of operations or cash flows.

## **NOTE 3 – RELATED PARTY TRANSACTIONS**

On February 19, 2014 an entity related to an officer and director of the Company acquired 620,100,000 shares of common stock and 18,939 shares of preferred stock in a private transaction with two former shareholders of the Company.

On March 21, 2014 the Company issued 3,067,998,226 shares of common stock for the acquisition of AVC Venture Capital Group, Inc. The shares were issued to an entity belonging to a director of the Company acquired who also became a director of the Company after the acquisition.

On May 23, 2014 the Company sold 623,542,530 shares of common stock to a related party for cash proceeds of \$1,000,000.

On September 30, 2014 an entity related to an officer and director of the Company returned to the Company 489,446,884 shares of common stock to be cancelled.

#### **NOTE 4 – EQUITY**

On March 14, 2014 the Company amended its Articles of Incorporation increasing the authorized shares to common stock to 3,800,000,000 and the preferred shares to 200,000,000.

On March 21, 2014 the Company issued 3,067,998,000 shares of common stock for the acquisition of AVC Venture Capital Group, Inc with a value \$4,919,214.

On May 23, 2014, the Company sold 623,542,530 common shares for cash proceeds of \$1,000,000.

On May 27, 2014, the Company amended its articles of incorporation increasing the authorized shares to 5,000,000,000 consisting of common stock of 4,800,000,000 and preferred stock of 200,000,000.

On September 30, 2014 a related party returned to the Company 489,447,000 shares of common stock to be cancelled.

#### **NOTE 5 – NOTES RECEIVABLE**

On September 17, 2014 the Company issued a \$1,000,000 note through Matchedje Motor Holding Inc to Matchedje Motor Ltd. a BVI entity. The note bears interest at 25% with the interest and principal payable within one year from date of issuance. The Company has accrued interest of \$136,973 for a total amount due of \$1,136,973 as of September 30, 2014.

#### **NOTE 6 – COMMITMENTS AND CONTINGENCIES**

On April 10, 2014, the Company entered into a broker/dealer service agreement. The agreement has an initial term through February 20, 2015 and the compensation under the agreement consists of a \$50,000 fee payable upon the signing of the agreement, a cash success fee equal to 8% of the gross proceeds of any capital raise, 2% warrant coverage for any capital raise and a success fee payable in common stock equal to 8% of the fully diluted shares of common stock of the Company.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The Securities and Exchange Commission (“SEC”) encourages companies to disclose forward-looking information so that investors can better understand future prospects and make informed investment decisions. This report contains these types of statements. Words such as “may,” “expect,” “believe,” “anticipate,” “estimate,” “project,” or “continue” or comparable terminology used in connection with any discussion of future operating results or financial performance identify forward-looking statements. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. All forward-looking statements reflect our present expectation of future events and are subject to a number of important factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS**

The Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for PTS, Inc (“PTSI” or the “Company”) is intended to supplement and complement the accompanying unaudited financial statements and notes thereto for the nine months ended September 30, 2014. PTS’s management has prepared these financial statements in accordance with generally accepted accounting principles. There has not been an independent review of the financial statements.

Except for historical information, this MD&A may contain forward-looking statements. These statements may involve known and unknown risks, uncertainties and other factors that may cause the actual level of activity, results, and performance to differ from any future levels of activity, results and performance implied by these forward-looking statements. Although PTS believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties outlined elsewhere in this MD&A, actual events may differ materially from current expectations. PTS disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

The Company reports the results of operations, assets and liabilities in U.S. dollars unless otherwise stated.

### **Results from Operations**

The Company recorded no revenue during the three and nine months period ended December 31, 2014.

During the years ended December 31, 2014 and 2013, the Company incurred net loss of \$192,009 and net income of \$33,013, respectively. The net loss during the year ended December 31, 2014 consisted of general and administrative costs of \$425,099 offset by interest income of \$136,973 and unrealized gains on investments of \$96,117.

## **Liquidity and Capital Resources**

As of December 31, 2014 the Company had current assets of \$5,727,305 in cash and cash equivalents, notes and interest receivable of \$1,136,644 and prepaid of \$61,011. Current liabilities were \$100. Stockholders' equity as of September 30, 2014 was \$5,727,205.

Net cash used in operations for the nine months ending December 31, 2014 and 2013 was \$389,564 and \$30,434, respectively.

Cash used in investing activities for the years ended December 31, 2014 and 2013 was \$1,000,000 for the investment of a note receivable in a non-related entity in 2014 and zero in 2013.

Net cash provided by financing activities during the years ended December 31, 2014 and 2013 were \$5,919,214 and \$30,434, respectively. The cash increase resulted from the acquisition of AVC Venture Group, Inc and the sale of common stock during the period for \$1,000,000.

## **Management**

The Company currently has a small executive management group, which is sufficient for its present stage of development. The Company has relied, and will continue to rely, upon a number of consultants and others for operating expertise. The Company's development to date has largely depended and in the future will continue to depend upon the efforts of current executive management. The loss of a member of this group could have a material adverse effect on the Company.

## **Evaluation of Disclosure Controls and Procedures**

Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this report such disclosure controls and procedures were not effective due to the lack of segregation of duties and lack of a formal review process that includes multiple levels of review to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO /CFO do not possess accounting expertise and our company does not have an audit committee. This weakness is due to the company's lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

## **Changes in Internal Control over Financial Reporting**

Except as noted above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **ITEM 1: LEGAL PROCEEDINGS.**

None

### **ITEM 1A: RISK FACTORS**

There have been no material changes to the risk factors as previously disclosed.

### **ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

On May 23, 2014, the Company sold 623,542,530 common shares for cash proceeds of \$1,000,000.

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

None

### **ITEM 4: MINE SAFETY INFORMATION**

Not Applicable

### **ITEM 5: OTHER INFORMATION**

None