COSTAS INC.

FINANCIAL REPORT

FOR THE QUARTER ENDED

MARCH 31, 2015

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COSTAS INC. QUARTERLY REPORT
FOR THE PERIOD ENDED MARCH 31, 2015

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

Name of the Isser:	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's Officer:	N/A
Investor Relations's Office:	COSTAS, Inc. 1255 W. Rio Salado Pkwy Suite 215 Tempe, AZ 85281
Investor Relations's Telephone:	(480) 830-2700
Investor Relations's 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 March 31, 2015:

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	March 31, 2015	500,000,000	17,655,548	10,426,345	72	72

COSTAS INC

UNAUDITED FINANCIAL STATEMENTS

The accompanying consolidated balance sheet of COSTAS, INC. as of March 31, 2015 and December 31, 2014, and the related consolidated statements of operations and cash flows for the three month periods ended March 31, 2015 and 2014d 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.
Consolidated Balance Sheets

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 34
Trade receivables	1,171	1,171
Investments	4,939	4,939
Total Current Assets	6,110	6,144
Property and equipment, net	648	689
Intangible assets	319,375	319,375
Total Assets	$ 326,133	$ 326,208
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 78,744	$ 23,592
Short term loans	60,954	60,954
Total Current Liabilities	139,698	84,546
Note payable, net of current portion	-	-
Total Liabilities	139,698	84,546
Commitments and contingencies (Note 4)		
Stockholders' Equity (Deficit)		
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 17,655,548 shares issued and outstanding at March 31, 2015 and December 31, 2014	17,656	17,656
Additional paid in capital	682,567	682,567
Accumulated deficit	(513,788)	(458,561)
Total Stockholders' Equity (Deficit)	186,435	241,662
Total Liabilities and Stockholders' Equity (Deficit)	$ 326,133	$ 326,208

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

COSTAS, INC.
Consolidated Statements of Operations

		For the Three Month Period Ended March 31,		
		2015		2014
Revenues	$	-	$	4,450
Cost of goods sold		-		4,021
Gross Profit (Loss)		-		429
Operating Expenses				
Depreciation		41		47
General and administrative		54,885		494
Total Operating Expenses		54,926		541
Operating Loss from Operations		(54,926)		(112)
Other Income (Expenses)				
Interest expense		(301)		-
Total Other Income (Expenses)		(301)		-
Loss from Continuing Operations before Income Taxes		(55,227)		(112)
Provision for income tax		-		-
Net loss	$	(55,227)	$	(112)
Basic and diluted net loss per share	$	(0.00)	$	(0.00)
Weighted average number of shares outstanding		17,655,548		4,166,548

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

COSTAS, INC.
Consolidated Statements of Cash Flows

	For the Three Month Period Ended March 31,	
	2015	**2014**
Cash Flows from Operating Activities:		
Reconciliation of net loss to net cash used in operating activities:		
Net loss	$ (55,227)	$ (112)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	41	47
Changes in operating assets and liabilities:		
Advances receivable	-	179
Accounts payable and accrued expenses	55,152	120
Net cash used in operating activities	(34)	234
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(4)
Purchase of investments	-	(732)
Net cash used in investing activities	-	(736)
Cash Flows from Financing Activities:		
Proceeds from short term loan	-	743
Net cash provided by financing activities	-	743
Net increase (decrease) in cash and cash equivalents	(34)	241
Cash and cash equivalents, beginning of the period	34	431
Cash and cash equivalents, end of the period	-	672
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

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

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 2,000,000 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.

As of December 31, 2013 the Company had 4,166,548 Common Shares outstanding and no preferred shares outstanding. During the year ended December 31, 2014, the Company revoked and cancelled 1,011,000 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 200,000 of these shares, retired in March 2014, were valued at $0.04 per share at the time of retirement, that 11,000 of these shares, retired in June 2014, were valued at $0.03 per share at the time of retirement, and that 800,000 of these shares, retired in November 2014, were valued at $0.04 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. During December 2014, the Company issued 4,500,000 shares as compensation to the company's CEO, which were valued at $0.04 per share for total compensation of $180,000. Also during December 2014, the Company issued 10,000,000 shares in exchange for the conversion of $100,000 of the outstanding balance of convertible short term loans. These shares were values at $0.04 per share for a total value of $400,000, resulting in a loss on debt extinguishment of $300,000. As of March 31, 2015 the Company has 17,655,548 Common Shares outstanding and no preferred shares outstanding.

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.

On July 17, 2014, the Company amended its Articles of Incorporation by decreasing the Company's authorized capital stock to 500,000,000 Common Shares. On the same day the Company amended its Articles of Incorporation by approving a reverse split in the ratio of 25:1. All share and per share amounts presented in these financial statement have been retroactively restated to reflect the effects of this reverse split.

As of March 31, 2015, the Company has authorized capital stock of 500,000,000 Common Shares, par value $0.001 per share, and 20,000,000 preferred shares, no par value.

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 March 31, 2015 and December 31, 2014.

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 March 31, 2015 and December 31, 2014, 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 March 31, 2015, 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.

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 March 31, 2015, 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 March 31, 2015.

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

NOTE 3: RELATED PARTY TRANSACTIONS

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

NOTE 4: SHORT TERM LOANS

In May 2010, the Company entered into a $175,000 promissory note payable to eJobResource, Inc., a company also controlled by the Company's former CEO, Shailesh Shah. This note was to bear interest at 2% and was set to mature in May 2014. During June 2014, this note was revised to extend the maturity date to May 2015 and to add a conversion feature allowing the holder to convert the notes to shares of the Company's common stock at a price of $0.01 per share, or a potential 17,500,000 shares. In December 2014, $100,000 of the outstanding note balance was converted into 10 million shares of common stock. The remaining balance in short term loans was $60,954 at March 31, 2015.

At the time of the loan modification in 2014, the Company determined the note to be conventional convertible debt and no bifurcation of the conversion feature was deemed necessary. In addition, the company has not valued a beneficial conversion feature for recording as a debt discount since the original proceeds from the note were in a prior period and it was difficult to determine to true value of a beneficial conversion due to thinly traded nature of the stock. These notes, if converted, will be reviewed at time for potential loss on conversion of debt. If the remaining $60,954 were converted at 3/31/2015, would issue 6,995,400 shares of common stock valued at approximately $244,000 and would record a loss on conversion of approximately $183,000.

NOTE 5: LEASE COMMITMENTS

The Company is leasing its office on month to month basis and therefore company has no lease commitments. The Company also leases its office, furniture, fixtures and office equipment on an "as needed" basis.

NOTE 6: 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 March 31, 2015, 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.

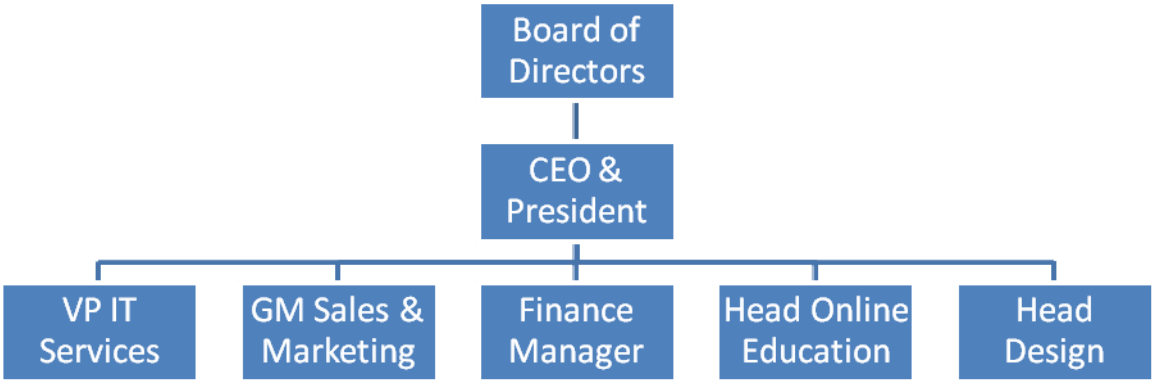
Item 4 Management's discussion and analysis or plan of operation.

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.

A - A complete copy of the Articles of incorporation is attached to this disclosure at annexure A
B - A complete copy of the issuer's by laws is attached to this disclosure at annexure B

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 12th Day of June, 2015
COSTAS, INC.

/s/ Ashley Sansalone

By: Ashley Sansalone
President