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.

PTS, INC

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 28494 Westinghouse Place
Address 2: Suite 213
Address 3: Valencia CA 91355
Phone: 612-961-5656
Email: ltholden@comcast.net
Website(s): _____

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

3) Security Information

Trading Symbol: PTSH
Exact title and class of securities outstanding: Common Stock
CUSIP: _____
Par or Stated Value: .001
Total shares authorized: 200,000,000 as of: November13, 2015
Total shares outstanding: 1,945,258 as of: November13, 2015

Additional class of securities (if necessary):
Trading Symbol: _____
Exact title and class of securities outstanding: Preferred shares
CUSIP: _____
Par or Stated Value: .001
Total shares authorized: 10,000,000 as of: November13, 2015
Total shares outstanding: None as of: November13, 2015

Transfer Agent
Name: Pacific Stock Transfer Co
Address 1: 4045 S Spencer Street
Address 2: Suite 403
Address 3: Las Vegas NV 89119
Phone: _____
Is the Transfer Agent registered under the Exchange Act?* Yes: X

*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:

None

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:

None

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.);

NA

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

NA

C. The number of shares offered;

NA

D. The number of shares sold;

NA

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

NA

F. The trading status of the shares; and

NA

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.

NA

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.

Filed and incorporated by reference financials as of September 30, 2015

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;

PTS, Inc. is seeking operating entities well suited for growth and development with in the markets in which they are established.

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

November 5, 1996 in Nevada

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

9999

D. the issuer's fiscal year end date;

December 31

E. principal products or services, and their markets;

Nonclassified establishment

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.

NO

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.

Jennifer Wang Director and 10% shareholder
Lowell Holden - CEO and Director

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);

   NO

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;

   NO

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

   NO

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.

   NO

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.

Jennifer Wang
1300 N VOSBURG DR
AZUSA, CA 91702-1574

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: Claudia McDowell
Firm: McDowell Odom LLP
Address 1: 28494 Westinghouse Place
Address 2: Valencia CA 91355
Phone: _____
Email: _____

Accountant or Auditor
Name:
Firm: Malone Bailey LLP
Address 1: 9801 Westheimer RD

Address 2: Suite 1100 Houston TX 77042
Phone: _____
Email: _____

Investor Relations Consultant
Name: NA
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: NA
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, Lowell Holden certify that:

1. I have reviewed this quarterly disclosure statement of PTS, 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.

November 16, 2015

/s/ Lowell Holden [CEO's Signature]

_____ [CFO's Signature]
(Digital Signatures should appear as "/s/ [OFFICER NAME]")

_____ [Title]

PTS, Inc.

CONSOLIDATED FINANCIAL STATEMENTS
REPORT
(Unaudited)

Three and Nine Months Periods
Ended
September 30, 2015

Table of Contents

Consolidated Balance Sheet(Unaudited) 3

Consolidated Statement of Operations(Unaudited) 4

Consolidated Statement of Cash Flows(Unaudited) 5

Notes to Consolidated Financial Statements (Unaudited) 6

PTS, INC
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,929,882	$ 4,519,650
Interest receivable	291,667	136,644
Notes receivable	1,431,228	1,000,000
Prepaid	326,815	61,011
Total current assets	5,979,592	5,717,305
Investments	10,000	10,000
Total assets	5,898,592	5,727,305
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Other liability	100	100
Line of credit	500,000	--
Total current liabilities	500,100	100
Total liabilities	500,100	100
Stockholders' Equity:		
Preferred stock, $0.001 par value 10,000,000 authorized: none issued		
Series A convertible preferred stock, 20,000,000 shares authorized, 3,937,500 shares issued and outstanding	--	3,928
Series D convertible preferred stock, 20,000,000 shares authorized, 15,000,000 shares issued and outstanding	--	15,000
Common stock, $0.001 par value 200,000,000 authorized 1,945,258 and 1,945,258 issued and outstanding, respectively	1,945	1,945
Additional paid in capital	5,918,055	5,899,117
Accumulated deficit	(430,508)	(192,795)
Total stockholders' equity	5,489,492	5,727,205
Total liabilities and stockholders' equity	$ 5,989,592	$ 5,727,305

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

PTS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited) Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Operating expenses:				
General and administrative expense	$ 201,916	$ 157,244	$ 319,247	$ 2176,916
Loss from operations	(201,196)	(157,244)	(319,247)	(276,916)
Other income				
Unrealized gain(loss)	(105,142)	(39,932)	(72,118)	9,241
Interest income	41,667	62,517	155,890	74,473
Interest expense	(2,238)	--	(2,238)	--
Total other income	(65,713)	22,585	81,534	83,714
Net income (loss)	$ (267,629)	$ (134,659)	$ (237,713)	$ (193,292)
Net loss per share, basic and diluted	$ (0.14)	$ (0.07)	$ (0.12)	$ (0.14)
Weighted average number of shares outstanding	1,945,258	1,943,685	1,945,258	1,396,924

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

PTS, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Cash flows from operating activities:		
Net income(loss)	$ (237,713)	$ (8,543)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(155,023)	(11,644)
Accounts payable and Accrued expense		2,600
Prepaid	(265,804)	(78,252)
Net cash provided by operating activities	(658,540)	(95,839)
Cash flows from investing activities		
Investment in note receivable	(431,228)	(1,000,000)
Investment in subsidiary		--
Net cash used in investing activities	(322,800)	(1,000,000)
Cash flows from financing activities		
Cash from merger in exchange for stock	--	5,919,214
Proceeds from bank line of credit	500,000	--
Net cash provided by financing activities	500,000	5,919,214
Net increase in cash	(589,768)	4,823,375
Cash – beginning of year	4,519,650	--
Cash – end of year	$ 3,929,882	$ 4,823,375
SUPPLEMENT DISCLOSURES:		
Interest paid	--	
Income taxes paid	--	

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 March 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 17, 2014 the Company formed a wholly owned subsidiary Sleepaid Holdings, Inc. On April 15, 2015 the subsidiary completed an acquisition of Yugosu Investments Ltd, a Hong Kong corporation with the subsidiary maintaining 2.3% of the outstanding shares in the merged companies.

On April 13, 2015 the Company filed an amended article of Incorporation terminating all the classes of preferred share and reversing the common shares 2000 to one. The number of authorized shares was 210,000,000 of which 10,000,000 are preferred and 200,000,000 are common shares.

On April 13, 2015 the Company filed a certificate of termination terminating all the outstanding preferred shares of the Company.

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 results of operations for the nine months ended September 30, 2015 are not necessarily indicative of results to be expected for any subsequent period. 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 September 30, 2015, the Company had cash equivalents.

General and Administrative Expenses

The Company's general and administrative expenses consisted of the following types of expenses during the three and nine months ended September 30, 2015: compensation expense, 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 – EQUITY

On April 13, 2015 the Company filed an amended article of Incorporation terminating all the classes of preferred share and reversing the common shares 2000 to one. The number of authorized shares was set at 210,000,000 of which 10,000,000 are preferred and 200,000,000 are common shares.

On April 13, 2015 the Company filed an article of termination terminating all the preferred shares outstanding as of that date.

NOTE 4 – NOTES RECEIVABLE

On March17, 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 $291,667 for a total amount due of $1,291,667 as of September 30, 2015.

On April 17, 2015 the Company issued a Senior Promissory note to Mariposa Health Inc. (Maker) for $500,000. The note bears interest of 10% per annum unless at default of the note it accelerates to 15% and matures on October 15, 2015. Under the terms of the note the Maker may draw down $410,000 as a result of a commission paid of $40,000 and previous payment to the maker by the broker of $50,000. The Company as part of this transaction receives a warrant to purchase up to 400,000 shares of the makers at $0.001 per share within 5 years of day of the note. As the September 30, 2015 the outstanding balance of the note including principal and interest was $50,867.

During the nine months ended September 30, 2015 the Company as advanced $31,228 to four entities as note receivable. The advances are on demand and bear no interest.

NOTE 5 – COMMERCIAL LINE OF CREDIT

The Company entered into a $2,000,000 line of credit with a major bank. The Company may draw down principal in minimum amounts of $100,000 for terms of one through twelve months. The interest rate is libor plus 1.75% per annum. The credit line is guaranteed by the majority shareholder of the Company. As of September 30, 2015 the Company had drawn $500,000 from the credit facility.

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.

NOTE 7 – SUBSEQUENT EVENT

On October 20, 2015 the Company signed a term sheet with Matchedje Motors Lda whereby the Company will advance Matchedje $400,000 with an interest rate of 20% and maturity of one year. In addition the Company will convert the principal and interest of its outstanding note of $1,291,667 to common stock based on the audit report's Actual Investment Value which as of yearend 2014 was stated as $16,500,000.

Of the funds being advanced $120,000 will be used to complete a current audit and help Matchedje raise additional working capital

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 three and nine months ended September 30, 2015. 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 accrued interest on its notes receivable of $291,667. This revenue is recorded as other income.

General and administrative expenses for the three and nine months period ended September 30, 2015 were $201,196 and $319,247 compared to $157,244 and $276,916 for the same period in 2014. The increase in expenses in 2015 over 2014 was due to consulting fess increase.

Other income and expense consisted of other expense of $65,713 and other income of $81,534 for the three and nine months periods ended September 30, 2015 compared to other income of $22,585 and $83,714 for the same periods in 2014. Interest income of $41,667 and $155,890 for the three and nine month periods ended September 30, 2015 compared to interest incomes of $62,517 and $74,473 for the same periods in 2014. Unrealized gains and losses contributed a loss of $105,142 and $72,118 for the three and nine months period ended September 30, 2015 compared to unrealized loss of $39,932 for the three months period and unrealized gain of $9,241 for the nine months period in 2014. Interest expense was $2,238 for both the three and nine month period ended September 30, 2015 compared to zero for the same periods in 2014.

During the three months and nine ended September 30, 2015, the Company incurred net losses of $267,629 and $237,713 compared to net loss of $ 134,659 and $193,292 for the same periods in 2014.

Liquidity and Capital Resources

As of September30, 2015 the Company had current assets of $3,929,882 in cash and cash equivalents, notes and interest receivable of $1,772,895 and prepaid of $326,815. Current liabilities were $500,100. Stockholders' equity as of September 30, 2015 was $5,489,492

Net cash used in operations for the nine months period ended September 30, 2015 was $658,540 compared to $95,839 for the same period in 2014. The larger loss for the nine months in 2015 plus an increase of accounts receivable and prepaid in 2015 attributed to the increase in funds used in 2015 over 2014.

Cash used in investing activities was $431,228 for the nine months ended September 30, 2015 compared to $ 1,000,000 for the same period in 2014. The investment through notes receivable accounted for the investments in both 2015and 2014.

Cash provided by financing activities for the nine months period ended September 30, 2015 consisted in the draw down on a bank line of credit of $500,000.

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.

None

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION

Not Applicable

ITEM 5: OTHER INFORMATION

None