

OTC Pink Disclosure Document

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

ASIA BROADBAND, INC. DECEMBER 20, 2000
MERENDON INTERNATIONAL, INC. MARCH 19, 1999
GEMINI MARKETING, INC. JANUARY 24, 1996

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 1980 FESTIVAL PLAZA DRIVE, SUITE 300
Address 2: LAS VEGAS, NV 89135
Phone: 702-403-1085
Email: INFO@ASIABROADBAND.COM
Website(s): WWW.ASIABROADBAND.COM

IR Contact
Address 1: 1980 FESTIVAL PLAZA DRIVE, SUITE 300
Address 2: LAS VEGAS, NV 89135
Phone: 702-403-1085
Email: INFO@ASIABROADBAND.COM
Website(s): WWW.ASIABROADBAND.COM

3) Security Information

Trading Symbol: AABB

Exact title and class of securities outstanding: CLASS A COMMON
CUSIP: 05518L100
Par or Stated Value: \$0.001
Total shares authorized: 500,000,000 as of: 12.31.15
Total shares outstanding: 339,540,968 as of: 12.31.15

Exact title and class of securities outstanding: CLASS B COMMON
CUSIP: N/A
Par or Stated Value: \$0.001
Total shares authorized: 500,000,000 as of: 12.31.15
Total shares outstanding: -0- as of: 12.31.15

Exact title and class of securities outstanding: PREFERRED
CUSIP: N/A
Par or Stated Value: \$0.001
Total shares authorized: 100,000,000 as of: 12.31.15
Total shares outstanding: -0- as of: 12.31.15

Transfer Agent
Name SIGNATURE STOCK TRANSFER, INC..
Address 1: 2632 COACHLIGHT COURT
Address 2: PLANO, TX 75093
Phone: 972-612-4120

Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

List any restrictions on the transfer of security:

RULE 144

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

NONE

Within the past year please list any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:

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 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.);

ISSUANCES FOR SERVICES, DEBT, AND CASH

80,000,000 COMMON A SHARES ISSUED FOR SERVICES IN 1996

68,000,000 COMMON A SHARES CANCELLED IN 2000

4,260,000 COMMON A SHARES ISSUED FOR CASH AND SERVICES IN 2000

550,000 COMMON A SHARES ISSUED FOR SERVICES IN 2001

1,000,000 COMMON A SHARES ISSUED FOR CASH IN 2002

12,977,634 COMMON A SHARES ISSUED FOR CASH, DEBT, AND SERVICES IN 2003

8,723,334 COMMON A SHARES ISSUED FOR CASH AND SERVICES IN 2004

10,000 COMMON A SHARE ADJUSTMENT TO BALANCE STOCK REGISTER

300,000,000 COMMON A SHARES ISSUED FOR SERVICES AND EXPENSES IN 2011

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

N/A

- C. The number of shares offered;

N/A

- D. The number of shares sold;

N/A

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

N/A

- F. The trading status of the shares; and

RESTRICTED

- 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

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

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

- A. Balance sheet;
- B. Statement of income;
- C. Statement of Stockholders' Equity (Deficit)
- D. Statement of cash flows;
- E. Financial statement notes;

FINANCIAL STATEMENTS AND FOOTNOTES ARE APPENDED TO THIS DOCUMENT

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;

THE COMPANY IS IN THE DEVELOPMENT STAGE AND IS CURRENTLY SEEKING A VIABLE BUSINESS OPPORTUNITY OR AN ACCEPTABLE MERGER CANDIDATE.

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

JANUARY 124, 1996; NEVADA

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

8200

- D. the issuer's fiscal year end date;

DECEMBER 31

- E. principal products or services, and their markets;

THE COMPANY CURRENTLY DOES NOT OFFER ANY PRODUCTS OR SERVICES

7) Describe the Issuer's Facilities

THE ISSUER LEASES AN EXECUTIVE OFFICE SPACE ON A MONTH TO MONTH BASIS WHICH IS ADEQUATE FOR ITS CURRENT NEEDS

8) Officers, Directors, and Control Persons

- 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.

B. Daniela Marisol Torres De Avila is the beneficial owner of 13.25% of the common stock. Harold F. Buller is the beneficial owner of 75.1% of the common stock. Neither individual is an officer or 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);

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.

B. Daniela Marisol Torres De Avila is the beneficial owner of 13.25% of the common stock. Harold F. Buller is the beneficial owner of 75.1% of the common stock. Neither individual is an officer or Director.

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: CLARK CORPORATE LAW GROUP LLP

Address 1: 3273 EAST WARM SPRINGS RD.

Address 2: LAS VEGAS, NV 89120

Phone: 702-312-6255

Accountant or Auditor

Name: N/A

Investor Relations Consultant

Name: N/A

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

Name: N/A

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, JAMES GILBERT, PRESIDENT/SECRETARY/TREASURER/CHAIRMAN certify that:

1. I have reviewed this ANNUAL REPORT of ASIA BROADBAND, 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.

4.21.16 [Date]

/S/ JAMES GILBERT [CEO's Signature]

/S/ JAMES GILBERT [CFO's Signature]

CEO/CFO [Title]

Asia Broadband, Inc.
(A Development Stage Company)
Balance Sheets
(Unaudited)

| | September 30, 2015 | December 31, 2014 |
|--|-----------------------|----------------------|
| | | <u>RESTATED</u> |
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ - | \$ - |
| Prepaid expenses | - | - |
| TOTAL CURRENT ASSETS | - | - |
| OTHER ASSETS | | |
| Property and equipment - net | - | - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ -</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ - | \$ 1,012 |
| Due to related parties | 16,264 | 10,200 |
| | 16,264 | 11,212 |
| NON-CURRENT LIABILITIES | | |
| Convertible notes payable and accrued interest | 312,271 | 1,390,343 |
| TOTAL LIABILITIES | 328,535 | 1,401,555 |
| Minority interest | - | - |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, 100,000,000 \$0.001 par value authorized, -0- and -0- issued | - | - |
| Common A stock, 500,000,000 \$0.001 par value shares authorized, 339,540,968 and 339,540,968 issued | 339,541 | 339,541 |
| Common B stock, 500,000,000 \$0.001 par value shares authorized, -0- and -0- issued | | |
| Additional paid-in capital | 10,362,470 | 10,362,470 |
| Subscription payable | | |
| Deficit accumulated in the development stage | (11,030,546) | (12,103,566) |
| | (328,535) | (1,401,555) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these statements

Asia Broadband, Inc.
(A Development Stage Company)
Statements of Operations
(Unaudited)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 RESTATED | Period from January 24 1996 (inception) to December 31, 2015 |
|---|---------------------------------------|--|---|
| REVENUES | | | |
| Licensing and franchise fees | \$ - | \$ - | \$ 19,465 |
| Educational programs | - | - | 31,038 |
| | <u>-</u> | <u>-</u> | <u>50,503</u> |
| EXPENSES | | | |
| Consulting fees | - | - | 148,084 |
| Depreciation and amortization | - | - | 58,236 |
| Directors' fee | - | - | 54,000 |
| Executive management fees | - | - | 1,747,096 |
| General and administrative | 1,825 | 4,500 | 2,030,936 |
| Marketing and business development | - | 4,700 | 368,603 |
| Professional fees | 3,150 | 2,000 | 523,194 |
| Research and development | - | - | 686,989 |
| Stock-based compensation | - | - | 4,828,492 |
| Write-off of assets | - | - | 1,334,672 |
| | <u>4,975</u> | <u>11,200</u> | <u>11,780,302</u> |
| Loss from operations | (4,975) | (11,200) | (11,729,799) |
| OTHER INCOME (EXPENSE) | | | |
| Loss on settlement of management fee | | | (39,508) |
| Miscellaneous | | | 31,709 |
| Interest income | | | 123,267 |
| Debt cancellation income | 1,092,052 | | 1,092,052 |
| Interest expense | (14,057) | (22,912) | (738,417) |
| Net loss before minority interest | <u>1,073,020</u> | <u>(34,112)</u> | <u>(11,260,696)</u> |
| Minority interest | - | - | 230,150 |
| Net loss for the period | <u>\$ 1,073,020</u> | <u>\$ (34,112)</u> | <u>\$ (11,030,546)</u> |
| Loss per common share - basic and diluted | \$ 0.00 | \$ (0.00) | |
| Weighted average shares outstanding | 339,540,968 | 339,540,968 | |

The accompanying notes are an integral part of these statements

Asia Broadband, Inc.
(A Development Stage Company)
Statement of Stockholders' Equity
(Unaudited)

| | Class A Common Shares | | Additional Paid-in Capital | Sub- scriptions Payable | Deficit Accumulated in the Development Stage | Reduction for initial contribution of services | Total Stockholders' Equity |
|---|--------------------------|-----------|----------------------------------|-------------------------------|--|---|----------------------------------|
| | Shares | Amount | | | | | |
| Issued on January 24, 1996 (inception) | 80,000,000 | \$ 80,000 | \$ - | - | \$ - | (75,000) | \$ 5,000 |
| Net loss for the period | - | - | - | - | (5,000) | - | (5,000) |
| Balance, December 31, 1996 | 80,000,000 | 80,000 | - | - | (5,000) | (75,000) | - |
| Net loss for the year | - | - | - | - | (100) | - | (100) |
| Balance, December 31, 1997 | 80,000,000 | 80,000 | - | - | (5,100) | (75,000) | (100) |
| Net loss for the year | - | - | - | - | (100) | - | (100) |
| Balance, December 31, 1998 | 80,000,000 | 80,000 | - | - | (5,200) | (75,000) | (200) |
| Net loss for the year | - | - | - | - | (1,000) | - | (1,000) |
| Balance, December 31, 1999 | 80,000,000 | 80,000 | - | - | (6,200) | (75,000) | (1,200) |
| Repurchase and cancellation Shares for consulting services at \$1 per share in January 2000 | (68,000,000) | (68,000) | (7,000) | - | - | 75,000 | - |
| Issuance of units for cash at \$1 per unit in June 2000 | 2,500,000 | 2,500 | 2,497,500 | - | - | - | 2,500,000 |
| Net loss for the year | 1,780,000 | 1,780 | 1,778,220 | - | - | - | 1,780,000 |
| Balance, December 31, 2000 | - | - | - | - | (3,101,801) | - | (3,101,801) |
| | 16,280,000 | 16,280 | 4,268,720 | - | (3,108,001) | - | 1,176,999 |
| Shares for services in March 2001 at \$0.25 per share | 450,000 | 450 | 112,050 | - | - | - | 112,500 |
| Shares for services in June 2001 at \$0.20 per share | 100,000 | 100 | 19,900 | - | - | - | 20,000 |
| Stock option compensation | - | - | 91,623 | - | - | - | 91,623 |
| Net loss for the year | - | - | - | - | (1,045,514) | - | (1,045,514) |
| Balance, December 31, 2001 | 16,830,000 | 16,830 | 4,492,293 | - | (4,153,515) | - | 355,608 |
| Shares for cash at \$0.25 per share in December 2002, net of finder's fee | 1,000,000 | 1,000 | 236,500 | - | - | - | 237,500 |
| Discount on convertible notes payable | - | - | 27,273 | - | - | - | 27,273 |
| Stock option compensation | - | - | 79,912 | - | - | - | 79,912 |
| Net loss for the year | - | - | - | - | (794,200) | - | (794,200) |
| Balance, December 31, 2002 | 17,830,000 | 17,830 | 4,835,978 | - | (4,947,715) | - | (93,907) |
| Shares for cash at \$0.30 per share in June 2003 | 166,667 | 167 | 49,833 | - | - | - | 50,000 |
| Shares for cash at \$0.30 per share in July 2003 | 4,116,667 | 4,117 | 1,230,883 | - | - | - | 1,235,000 |
| Issuance of shares for finder's fee | 216,000 | 216 | (216) | - | - | - | - |
| Shares for services at \$0.055 per share in July 2003 | 4,500,000 | 4,500 | 243,000 | - | - | - | 247,500 |
| Shares for services at \$0.055 per share in September 2003 | 1,800,000 | 1,800 | 97,200 | - | - | - | 99,000 |
| Shares for management fees at \$0.08 per share in November 2003 | 1,178,300 | 1,178 | 93,086 | - | - | - | 94,264 |
| Shares for conversion of notes payable in November 2003 | 1,000,000 | 1,000 | 299,000 | - | - | - | 300,000 |
| Subscription received for shares | - | - | - | 250,000 | - | - | 250,000 |
| Stock option compensation | - | - | 343,244 | - | - | - | 343,244 |
| Net loss for the year | - | - | - | - | (2,171,881) | - | (2,171,881) |

| | | | | | | |
|--|-------------|---------|------------|-----------|--------------|----------------|
| Balance, December 31, 2003 | 30,807,634 | 30,808 | 7,192,008 | 250,000 | (7,119,596) | 353,220 |
| Shares for cash at \$ 0.30 per share in January 2004 | 833,334 | 833 | 249,167 | (250,000) | - | - |
| Shares for cash at \$ 0.50 per share in February 2004 | 2,000,000 | 2,000 | 998,000 | - | - | 1,000,000 |
| Shares for cash at \$ 0.50 per share in March 2004 | 290,000 | 290 | 144,710 | - | - | 145,000 |
| Shares to be issued for services at \$0.19 per share in Septmebr 2004 | 100,000 | 100 | 18,900 | - | - | 19,000 |
| Shares to be issued for services at \$0.055 per share in September 2004 | 5,500,000 | 5,500 | 297,000 | - | - | 302,500 |
| Discount on convert ble note | - | - | 451,732 | - | - | 451,732 |
| Stock option compensation | - | - | 1,010,963 | - | - | 1,010,963 |
| Net loss for the year | - | - | - | - | (3,235,942) | (3,235,942) |
| DECEMBER 31, 2004 BALANCES | 39,530,968 | 39,531 | 10,362,480 | - | (10,355,538) | 46,473 |
| Adjust share balance | 10,000 | 10.00 | (10.00) | - | - | - |
| Net loss for the year | - | - | - | - | (1,101,380) | (1,101,380) |
| DECEMBER 31, 2005 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,456,918) | (1,054,907.00) |
| Net loss for the year | - | - | - | - | (152,236) | (152,236.00) |
| DECEMBER 31, 2006 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,609,154) | (1,207,143.00) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900.00) |
| DECEMBER 31, 2007 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,632,054) | (1,230,043.00) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900.00) |
| DECEMBER 31, 2008 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,654,954) | (1,252,943.00) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900.00) |
| DECEMBER 31, 2009 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,677,854) | (1,275,843.00) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900.00) |
| DECEMBER 31, 2010 BALANCES | 39,540,968 | 39,541 | 10,362,470 | - | (11,700,754) | (1,298,743.00) |
| Shares issued for services and expenses at \$0.001 per share on March 3, 2011 | 300,000,000 | 300,000 | - | - | - | 300,000 |
| Net loss for the year | - | - | - | - | (322,900) | (322,900) |
| DECEMBER 31, 2011 BALANCES | 339,540,968 | 339,541 | 10,362,470 | - | (12,023,654) | (1,321,643) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900) |
| DECEMBER 31, 2012 BALANCES | 339,540,968 | 339,541 | 10,362,470 | - | (12,046,554) | (1,344,543.00) |
| Net loss for the year | - | - | - | - | (22,900) | (22,900) |
| DECEMBER 31, 2013 BALANCES | 339,540,968 | 339,541 | 10,362,470 | - | (12,069,454) | (1,367,443.00) |
| Net loss for year-RESTATEd | - | - | - | - | (34,112) | (34,112) |
| DECEMBER 31, 2014 BALANCES | 339,540,968 | 339,541 | 10,362,470 | - | (12,103,566) | (1,401,555) |
| Net income for year | - | - | - | - | 1,073,020 | 1,073,020 |
| SEPTEMBER 30, 2015 BALANCES | 339,540,968 | 339,541 | 10,362,470 | - | (11,030,546) | (328,535) |

The accompanying notes are an integral part of these statements

Asia Broadband, Inc.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 | January 24 1996 (inception) to December 31, 2015 |
|--|---------------------------------------|---------------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | \$ 1,073,020 | \$ (34,112) | \$ (11,030,546) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | | | 58,236 |
| Amortization of debt discount | | | 451,732 |
| Stock-based compensation | | | 4,828,492 |
| Loss on settlement of management fees | | | 39,508 |
| Minority interest | | | (230,150) |
| Debt cancellation | (1,092,052) | | (892,000) |
| Prepaid expenses | - | - | - |
| Accounts payable | (1,012) | 1,012 | - |
| Accrued interest on convertible notes payable | 13,980 | 22,900 | 59,271 |
| Write-off of assets | | | 1,334,672 |
| | <u>(6,064)</u> | <u>(10,200)</u> | <u>(5,380,785)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share sales and subscriptions received | - | - | 4,219,521 |
| Advances from related parties | 6,064 | 10,200 | 16,264 |
| Proceeds from convertible notes payable | - | - | 1,145,000 |
| | <u>6,064</u> | <u>10,200</u> | <u>5,380,785</u> |
| NET CHANGE IN CASH | - | - | - |
| CASH AT BEGINNING | - | - | - |
| CASH AT END | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| SUPPLEMENTAL CASH FLOW DISCLOSURES | | | |
| Cash paid for interest | \$ - | \$ - | \$ - |
| Cash paid for taxes | \$ - | \$ - | \$ - |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | | |
| Stock issued for finder's fee | \$ - | \$ - | \$ 64,800 |
| Stock issued for conversion of notes payable | \$ - | \$ - | \$ 300,000 |
| Stock issued for accrued services | \$ - | \$ - | \$ 302,500 |
| Settlement of management fees payable | \$ - | \$ - | \$ 94,264 |
| Reduction of initial contribution of services | \$ - | \$ - | \$ 7,000 |
| Discount on convertible notes payable | \$ - | \$ - | \$ 188,471 |

The accompanying notes are an integral part of these statements

ASIA BROADBAND, INC.
(A Development Stage Company)
Note to the Financial Statements
For the Year Ended December 31, 2015

1. Nature of Business

Asia Broadband, Inc. was incorporated under the laws of the State of Nevada on January 24, 1996 as Gemini Marketing, Inc. The name was changed to Merendon International, Inc. on March 19, 1999 and then to Asia Broadband, Inc. on December 20, 2000. The Company was inactive during the period from January 24, 1996 to March 19, 1999. The Company's common stock is currently quoted on the OTC Pink operated by OTC Markets Group, Inc. In 2000, the Company initially owned a 75% interest in Shanghai Broadband Network, Inc. ("SBN"), a company formed under the laws of the People's Republic of China by the Company and two independent business partners. The Company increased its interest in SBN to 90% and then to 93% in September 2003, and finally to 96% in May 2004. In 2005 the Company became inactive and is currently inactive as of December 31, 2015. The Company is in the development stage and has a limited operating history.

Going Concern

The Company has suffered recurring losses and has no assurance of future profitability. The Company will continue to require financing from external sources to finance its operating and investing activities until sufficient positive cash flows from operations can be generated. There is no assurance that financing or profitability will be achieved, accordingly, there is substantial doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared on the basis that the Company will be able to continue as a going concern and realize its assets and satisfy its liabilities and commitments in the normal course of business and do not reflect any adjustments which would be necessary if the Company is unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements are prepared in accordance with accounting principles generally accepted in the United States. The Company is currently in the development stage and presents its financial statements in accordance with Statement of Financial Accounting Standard ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises".

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires the Company's management to make estimates and assumptions which affect the amounts reported in these consolidated financial statements, the notes thereto, and the disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair value of the Company's financial instruments, which consist of cash, receivables, accounts payable and accrued liabilities, due to related parties and convertible notes payable, approximate their carrying values due to their short term or demand nature with the exception of the convertible notes payable. The fair value of the convertible notes payable was calculated using discounted cash flow analysis and approximates the carrying value as the interest rate implicit in the notes payable is similar to current market rates.

Revenue Recognition

The Company follows the provisions of Staff Accounting Bulletin ("SAB") No. 104 "Revenue Recognition" and Emerging Issues Task Force ("EITF") 00-21 "Accounting for Revenue Arrangements with Multiple Deliverables" for accounting and recognizing revenue. In accordance with SAB No. 104, revenue from the sale of programs and supplemental learning materials is recognized upon delivery of the product when persuasive evidence of an arrangement exists, the price is fixed or determinable and collection is probable. If collectibility will not be considered probable, revenue will be recognized when the fee is collected. In an arrangement with multiple deliverables, the Company assesses if the delivered item(s) constitute separate units of accounting in accordance with the following criteria: The deliverable item(s) has value to the customer on a standalone basis, there is objective and reliable evidence of the fair value of the undelivered item, and whether the delivery arrangement is considered probable and substantially in the control of the vendor.

Revenue from enrolment in the educational programs is deferred and recognized as the programs are delivered and services are provided. Annual licensing and franchise fees from registered schools are recognized over the term of the license. The portion of the program revenue allocated to the sales of supplemental learning materials and the revenue from independent sales of these materials will be recognized as the products are delivered and the refundable period has expired. Revenue from basic access fees is deferred and recognized over the term of the service period and when the refundable period has expired.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the assets.

Leasehold improvements are depreciated over the lesser of the lease term and the expected useful life of the improvements.

Impairment of Long-Lived Assets and Goodwill

The Company applies the recommendations of the SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 requires that companies (1) recognize an impairment loss only if the carrying amount of a long-lived asset is not recoverable based on its undiscounted future cash flows and (2) measure an impairment loss as the difference between the carrying amount and fair value of the asset. In accordance with the provisions of SFAS No. 142, management reviews the carrying value of its goodwill annually for indicators of impairment in value. The fair value of the reporting unit is compared to the carrying value in order to determine if impairment exists. Adjustments to

reflect impairment in value, if necessary, are recorded to the extent the carrying value of the goodwill exceeds the implied fair value of the reporting unit goodwill.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board opinion No. 25, "Accounting for Stock Issued to Employees", ("APB No. 25") and complies with the disclosure provisions of SFAS No. 123 "Accounting for Stock-Based Compensation". Under APB No. 25, compensation expense for employee options is recognized based on the difference, if any, on the date of grant between the fair market value of the Company's stock and the amount an employee must pay to exercise the options and acquire the Company's stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period. No compensation expense was recorded under the intrinsic method of accounting in the reporting periods as the exercise price equa The Company applies SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") to account for stock options granted to non-employees using the fair value based method prescribed in SFAS 123. Stock-based compensation for non-employees is re-measured on each balance sheet date until such options vest. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period.

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment to SFAS No. 123". This statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employees' compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures of pro-forma information in both annual and interim financial statements.

Research and Development

Research and development costs are charged to operations as incurred.

Loss Per Share

Loss per share is computed in accordance with SFAS No. 128, "Earnings Per Share". Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of an entity. In loss periods, dilutive common equivalent shares are excluded as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented in these consolidated financial statements.

Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income", establishes standards for reporting and presentation of comprehensive income (loss). This standard defines comprehensive income as the changes in equity of an enterprise except those resulting from stockholder transactions.

Income Taxes

Income taxes are accounted for using the liability method which requires the recognition of income taxes payable or refundable for the current year and deferred tax liabilities and assets for the future consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, tax liabilities and assets are determined based on the temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is recorded to reduce deferred income tax assets recognized by the amount of any deferred income tax benefits that, based on available evidence, are not expected to be realized.

3. Convertible Notes Payable

In February 2004 and March 2004, the Company issued 1,000,000 units and 145,000 units at a price of \$2 per unit for aggregate gross proceeds of \$2,290,000 to a stockholder and four unaffiliated investors. Each unit consisted of two shares of Class A voting common stock, one Class A common share purchase warrant (the "Equity Warrant"), one convertible debenture with a principal amount of \$1, and one common share purchase warrant (the "Debt Warrant"). Each Equity Warrant entitled the holder to purchase one share of Class A common stock of the Company at \$0.60 per share for a period of two years exercisable commencing on the date which is 18 months after the date of issuance of the Equity Warrant. Each Debt Warrant entitles the holder to purchase one share of Class A voting common stock of the Company at \$1 per share for a period of two years and exercisable commencing on the date which is 18 months after the date of issuance of the Debt Warrant.

Each of the two convertible debentures bears interest at 2% per annum. The convertible debenture with the principal of \$1,000,000 will mature on February 15, 2006 and the convertible debenture with the principal amount totaling \$145,000 will mature on various dates in March 2006

The holders of the notes could elect to convert the outstanding principal under the notes in whole, into fully paid, restricted shares of the Company's Class A common stock at \$0.80 per share at maturity date. The Company also has the right to redeem the debentures, upon 10 days' written notice to the holder, by paying 105% of the outstanding principal amount plus accrued and unpaid interest.

The Company accounted for the convertible debentures in accordance with EITF No. 00-27 and accordingly, the proceeds from the sale of the 1,145,000 units were allocated between the various equity and debt instruments based on their relative fair values. The difference between the allocated fair value and the face value of the convertible debenture was recorded as a debt discount. No beneficial conversion feature was recorded as the quoted market value of the common stock on the commitment date was less than the proceeds allocated to the convertible instruments. The aggregated debt discount is amortized to interest expense over the term of the related debt using the effective interest rate method. Upon conversion of the underlying debt into common stock, a pro-rata share of the unamortized debt discount is recorded as interest expense.

The fair values of the Equity and Debt Warrants were calculated at the date of issuance using the Black Scholes option pricing model with the following assumptions: dividend yield – Nil; risk-free interest rate – 1.67%; expected volatility of 323% and expected lives of 2 years. The difference between the allocated fair value and the face value of the convertible debenture of \$451,732, was recorded as a debt discount and is being amortized over the term of the debt and has been fully amortized.

On July 1, 2015 the Company recognized \$1,092,052 in Debt Cancellation Income related to \$892,000 in convertible debentures that were beyond the Statute of Limitations for the collection of corporate debt along with the accrued interest associated with the stale debentures.

4. Capital Stock

Capital Stock transactions disclosed elsewhere in these financial statements as of December 31, 2015 are summarized as follows:

- a) Authorized:
 - 500,000,000 Class A voting common shares with a par value of \$0.001 per share
 - 500,000,000 Class B non-voting common shares with a par value of \$0.001 per share
 - 100,000,000 preferred shares with a par value of \$0.001 per share
- b) Issued:
 - 339,540,968 Class A voting common shares with a par value of \$0.001 per share
 - 0- Class B non-voting common shares with a par value of \$0.001 per share
 - 0- preferred shares with a par value of \$0.001 per share