

# ANNUAL REPORT

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## **LADYBUG RESOURCE GROUP, INC.**

(Name of Issuer in its Charter)

**Nevada**

(State of Incorporation)

**26-1973389**

(IRS Employer Identification No.)

**11630 Slater Ave, N.E., Ste. 1A, Kirkland, WA**

(Address of principal executive offices)

**98034**

(Zip Code)

Issuer's telephone number: 425-306-5028

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**For the Year Ending December 31, 2014**

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**Ladybug Resource Group, Inc.**  
**Annual Report**

December 31, 2014

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## PART I

### ITEM 1. Business.

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains many forward-looking statements, which involve risks and uncertainties, such as our plans, objective, expectations and intentions. You can identify these statements by our use of words such as "may," "expect," "believe," "anticipate," "intend," "could," "estimate," "continue," "plans," or other similar words or phrases. Some of these statements include discussions regarding our future business strategy and our ability to generate revenue, income, and cash flow. We wish to caution the reader that all forward-looking statements contained in this annual report are only estimates and predictions. Our actual results could differ materially from those anticipated as a result of risk facing us or actual events differing from the assumptions underlying such forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this Annual Report. Readers are cautioned not to place undue reliance on these forward-looking statements. We undertake no obligation to update any of these factors or to publicly announce any change to our forward-looking statements made herein, whether as a result of new information, future events, changes in expectations or otherwise.

#### Overview

Ladybug Resource Group, Inc. (the Company, we) was incorporated in the State of Nevada on November 27, 2007. Our original business purpose was to assist in the design of websites and website components that use specific marketing messages or themes to reach target audiences. Ms. Ramage left the Company on October 21, 2009. As a consequence of the departure of Ms. Ramage, the Company expanded its business purpose to include identifying and acquiring breakthrough technologies, patents, patents-pending and trade secrets in the Energy, Health, and Intellectual Property sectors. During the second half of our fiscal year ended June 30, 2010, we successfully identified two opportunities and embarked on a strategy to develop the intellectual property of the two entities by incorporating it into two subsidiary companies.

#### *Operations*

Ladybug designs the message or marketing themes included on Internet Websites. We will accept engagements for the development of entire Websites in which case we will work with other contractors to code complex portions of the project and design portions that are not theme or marketing related.

By leveraging our Internet Website capabilities, our strategy involves building a strong web presence for the product to be licensed and then promoting the availability of the technology or product in foreign markets.

We also plan to arrange for initial manufacturing of our healthcare products in the United States for export to foreign licensees. Potential foreign licensees of our products may have intellectual property of their own which could offer interesting cross-licensing opportunities. Cross-licensing offers a low risk, low-cost way of leveraging intellectual property in our respective markets. We also intend to help foreign licensees of our products with their web site presence in the English language as part of our cross-licensing strategy.

#### *Marketing*

Ladybug obtains customer leads from the business and personal contacts of our officers, shareholders, and by word of mouth. Several of our shareholders and an officer have substantial knowledge of markets in China and South America and have committed to make introductions to large companies and other potential customers in those markets.

As a public company we are required to make certain disclosures about our activities. It has been our experience that potential customers learn about our activities from such public filings, as well as from market makers, press releases, and by word-of-mouth from our own shareholders who rely on the disclosures for reliable information.

Ladybug developed its first product to be marketed to companies in the funeral business. This product, when installed on a funeral home's Website, made it easy to place obituaries on the Website. While Molly Ramage remains available to assist us on a limited basis, no new sales to funeral businesses other than an original participating funeral business have been made this year and we are not actively soliciting new funeral web site development projects. If contacted, we remain available to assist former and new clients with their Internet Website needs. Ladybug has developed other web sites focused on our acquisition of New Solar Electricity Corporation and Inner Path Health Corporation. The respective sites for Ladybug, New Solar, and Inner Path may be found at:  
<http://ladybugrg.com/#/Home-01-00/>  
<http://www.newsolarec.com/>  
<http://innerpathhealth.com/>

### *Competition*

#### Web Site Marketing

The Web applications market is highly competitive and has low barriers to entry, which could hinder our ability to successfully market our products and services. We may not have the resources, expertise or other competitive factors to compete successfully in the future. Because there are few substantial barriers to entry, we expect that we will face additional competition from existing competitors and new market entrants in the future. Some of these competitors are part-time contractors willing to provide services at low rates to enter the industry or earn extra money. On the other hand, many of our current and potential competitors have greater name recognition and more established relationships in the industry and greater resources.

#### Technology Research and Development

Our subsidiaries, New Solar and Inner Path, compete in international markets along with thousands of companies, both extremely large and very small. The cost of conducting independent research and testing products can be extreme high. We may not have the resources, expertise or other competitive factors to successfully compete.

The solar energy and health product markets are dominated by large firms with substantial capital and human resources. Many of these companies have extensive portfolios of patents, infringement of which may be difficult to avoid.

We intend to license our products in China. Chinese commercial law is relatively undeveloped compared to the North and South America and Europe. While we intend to license our products to reputable Chinese companies and expect them to defend our license rights in their market, we may have limited legal recourse in the event that either they or their competitors violate the terms of our licenses. Limited protection of intellectual property under Chinese law may result in our products being manufactured locally or unauthorized parties may attempt to copy or otherwise obtain our product formulas. As a result, we cannot assure that we will be able to adequately protect our product formulas.

### *Intellectual Property*

We have no patents or registered trademarks. Our beauty and health formulas are of a proprietary nature but the ingredients must be displayed on labels. As such they are subject to reverse engineering or modification.

### *Employees of Ladybug*

As of December 31, 2014, we had one employee, Fred G. Luke, the Company's Chief Executive. None of our officers and directors is under contract.

## ITEM 1A.

### Risk Factors

You should be aware that there are various risks to an investment in our common stock. You should carefully consider these risk factors, together with all of the other information included in this Report, before you decide to invest in shares of our common stock.

If any of the following risks develop into actual events, then our business, financial condition, results of operations and/or prospects could be materially adversely affected. If that happens, the market price of our common stock, if any, could decline, and investors may lose all or part of their investment.

#### *Risks Related to the Business*

***Ladybug has a very limited operating history and anticipates generating losses for the foreseeable future.***

Ladybug was formed in November 2007. Therefore, we have insufficient operating history upon which an evaluation of our future performance and prospects can be made. Ladybug's future prospects must be considered in light of the risks, expenses, delays, problems and difficulties frequently encountered in the establishment of a new business. An investor in our common stock must consider the risks and difficulties frequently encountered by early stage companies operating in new and competitive markets such as ours. These risks include:

- competition from entities that are much more established and have greater financial and technical resources than do we;
- the need to develop corporate infrastructure;
- the ability to access and obtain capital when required; and
- the dependence upon key personnel.

Ladybug cannot be certain that its business strategy will be successful or that it will ever have profitable business activities or generate sustainable revenues. Furthermore, Ladybug believes that it is probable that it will incur operating losses and negative cash flow for the foreseeable future.

***Ladybug has limited financial resources, and its independent registered auditors' report includes an explanatory paragraph stating that there is substantial doubt about its ability to continue as a going concern .***

Ladybug has very limited financial resources and had negative working capital of \$21,261 and an accumulated deficit of \$111,151 at December 31, 2014. No assurances can be given that we will generate sufficient revenue or obtain necessary financing to continue as a going concern.

***Ladybug is and will continue to be completely dependent on the services of its President, Fred G. Luke, the loss of whose services would likely cause its business operations to cease.***

Ladybug's current business strategy is completely dependent upon the knowledge, reputation and business contacts of Fred G. Luke, its President promoting our business and seeking business opportunities. He is principally responsible for the execution of our business. He is under no contractual obligation to remain employed by us. If he should choose to leave us for any reason before we have hired qualified additional personnel, our operations are likely to fail. Even if we are able to find additional personnel, it is uncertain whether we could find someone who could develop our business along the lines with our business plan.

***We depend on a very limited number of customers.***

During the fiscal year ended December 31, 2012, the Company derived 100% of its revenues from consulting with one customer. We do not have long-term agreements with any customer and cannot predict the likelihood of getting additional engagements from them.

***We operate in a highly competitive industry with low barriers to entry, and we may be unable to compete successfully against existing or new competitors.***

The Web applications markets are highly competitive and have low barriers of entry, which could hinder our ability to successfully market our products and services. We may not have the resources, expertise or other competitive factors to compete successfully in the future. Because there are few substantial barriers to entry, we expect that we will face additional competition from existing competitors and new market entrants in the future. Some of these competitors are part-time contractors willing to provide services at low rates to enter the industry or earn extra money. On the other hand, many of our current and potential competitors have greater name recognition and more established relationships in the industry and greater resources. As a result, these competitors may be able to:

- Develop and expand their network infrastructures and service offerings more rapidly;
- Adapt to new or emerging technologies and changes in customer requirements more quickly; and
- Devote greater resources to the marketing and sale of their services and adopt more aggressive pricing policies than we can.

Current and potential competitors in the market include Web hosting service providers, applications hosting providers, Internet service providers, telecommunications companies, large information technology firms and computer hardware suppliers.

***Our success depends on our ability to maintain our professional reputation and name. If we are unable to do so, our business would be significantly and negatively impacted.***

We depend on our overall reputation and name recognition to secure new engagements. We expect to obtain and are likely to continue obtaining many of our new engagements from existing clients or from referrals by those clients. A client who is dissatisfied with our work can adversely affect our ability to secure new engagements. If any factor hurts our reputation, including poor performance, we may experience difficulties in competing successfully for new engagements. Failure to maintain our professional reputation and brand name could seriously harm our business, financial condition and results of operations.

***We currently are likely to complete a limited number of engagements in a year. Our revenues and operating results will fluctuate significantly from quarter to quarter, which may cause our stock price, if one exists, to decline.***

Our current limited sources of resources permit us to perform a limited number of engagements in any one financial reporting period. Performance of a small number of engagements in any one financial reporting quarter compared with the number of engagements performed in other surrounding periods will have a significant percentage impact

on that quarter compared to the other quarters. As a result of these and other factors, we believe that period-to-period comparisons of our operating results will not be meaningful in the short term and that you should not rely upon our performance in a particular period as an indication of our performance in any future period.

***We are subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, and will incur audit fees and legal fees in connection with the preparation of such reports. These additional costs could reduce or eliminate our ability to earn a profit.***

We are required to file periodic reports with the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. In order to comply with these requirements, our independent registered public accounting firm has to review our financial statements on a quarterly basis and audit our financial statements on an annual basis. Moreover, our legal counsel has to review and assist in the preparation of such reports. The costs charged by these professionals for such services cannot be accurately predicted because factors such as the number and type of transactions that we engage in and the complexity of our reports cannot be determined at this time and will have a major affect on the amount of time to be spent by our auditors and attorneys. However, the incurrence of such costs will obviously be an expense to our operations and thus have a negative effect on our ability to meet our overhead requirements and earn a profit. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock, if a market ever develops, could drop significantly.

We currently have only three employees. We may be unable to afford the cost of increasing our staff or engaging outside consultants or professionals to overcome our lack of employees. During the course of our testing, we may identify other deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to help prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock, if a market ever develops, could drop significantly.

***Fred G. Luke Trace, our Chief Executive Officer, and Chief Financial Officer, has no meaningful accounting or financial reporting education or experience and, accordingly, our ability to meet Exchange Act reporting requirements on a timely basis will be dependent to a significant degree upon others.***

Fred G. Luke, our Chief Executive Officer and Chief Accounting Officer, has no meaningful financial reporting education or experience. Consequently he is heavily dependent on advisors and consultants. As such, there is risk about our ability to comply with all financial reporting requirements accurately and on a timely basis.

***Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in the Securities Exchange Act of 1934, as amended, Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.



***Having only one Director limits our ability to establish effective independent corporate governance procedures and increases the control of our President/Director.***

We have only one Directors, Fred G. Luke, who are also executive officers. Accordingly, we cannot establish Board committees comprised of independent members to oversee functions like compensation or audit issues. In addition, a tie vote of Board members is decided in favor of the Chairman, Mitchell Trace, which gives him significant control over all corporate issues.

Until we have a larger Board of Directors that would include some independent members, if ever, there will be limited oversight of our President's decisions and activities and little ability for minority shareholders to challenge or reverse those activities and decisions, even if they are not in the best interests of minority shareholders.

While we believe our research will result in patentable technology but there is no assurance that such technology will evolve or that patents will issue.

***Risks Related to Our Common Stock***

***Shareholders may be diluted significantly through our efforts to obtain financing and satisfy obligations through the issuance of additional shares of our common stock.***

We have no committed source of financing. Wherever possible, our Board of Directors will attempt to use non-cash consideration to satisfy obligations. In many instances, we believe that the non-cash consideration will consist of restricted shares of our common stock. Our Board of Directors has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued common shares. We have authorized 300,000,000 shares of common stock and 20,000,000 of preferred stock. As of June 30, 2011, 168,050,000 common shares and 20,000,000 preferred shares remain unissued. In addition, if a trading market develops for our common stock, we may attempt to raise capital by selling shares of our common stock, possibly at a discount to market. These actions will result in dilution of the ownership interests of existing shareholders, may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management's ability to maintain control of Ladybug because the shares may be issued to parties or entities committed to supporting existing management.

***Nevada law and our Articles of Incorporation authorize us to issue shares of stock, which shares may cause substantial dilution to our existing shareholders.***

We have authorized capital stock consisting of 300,000,000 shares of common stock, \$0.001 par value per share and 20,000,000 shares of preferred stock, \$0.001 par value per share ("Preferred Stock"). As of the date of this Annual Report, we have 131,950,000 shares of common stock issued and outstanding and no shares of Preferred Stock issued and outstanding. As a result, our Board of Directors has the ability to issue a large number of additional shares of common stock without shareholder approval, which if issued could cause substantial dilution to our then shareholders. Additionally, shares of Preferred Stock may be issued by our Board of Directors without shareholder approval with voting powers, and such preferences and relative, participating, optional or other special rights and powers as determined by our Board of Directors, which may be greater than the shares of common stock currently outstanding. As a result, shares of Preferred Stock may be issued by our Board of Directors which cause the holders to have super majority voting power over our shares, provide the holders of the Preferred Stock the right to convert the shares of Preferred Stock they hold into shares of our common stock, which may cause substantial dilution to our then common stock shareholders and/or have other rights and preferences greater than those of our common stock shareholders. Investors should keep in mind that the Board of Directors has the authority to issue additional shares of common stock and Preferred Stock, which could cause substantial dilution to our existing shareholders. Additionally, the dilutive effect of any Preferred Stock, which we may issue may be exacerbated given the fact that such Preferred Stock may have super majority voting rights and/or other rights or preferences which could provide the preferred shareholders with voting control over us subsequent to this offering and/or give those holders the power to prevent or cause a change in control. As a result, the issuance of shares of common stock and/or Preferred Stock may cause the value of our securities to decrease and/or become worthless.

***Our Articles of Incorporation provide for indemnification of officers and Directors at our expense and limit their liability. These provisions may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers and/or Directors.***

Our Articles of Incorporation and applicable Nevada law provide for the indemnification of our Directors, officers, employees, and agents, under certain circumstances, against attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. We will also bear the expenses of such litigation for any of our Directors, officers, employees, or agents, upon such person's written promise to repay us even if it is ultimately determined that any such person shall not have been entitled to indemnification. This indemnification policy could result in substantial expenditures by us that we may be unable to recoup.

We have been advised that, in the opinion of the SEC, indemnification for liabilities arising under federal securities laws is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification for liabilities arising under federal securities laws, other than the payment by us of expenses incurred or paid by a Director, officer or controlling person in the successful defense of any action, suit or proceeding, is asserted by a Director, officer or controlling person in connection with the securities being registered, we will (unless in the opinion of our counsel, the matter has been settled by controlling precedent) submit to a court of appropriate jurisdiction, the question whether indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. The legal process relating to this matter if it were to occur is likely to be very costly and may result in us receiving negative publicity, either of which factors is likely to materially reduce the market and price for our shares, if such a market ever develops.

***Any market that develops in shares of our common stock will be subject to the penny stock regulations and restrictions pertaining to low priced stocks that will create a lack of liquidity and make trading difficult or impossible.***

The trading of our securities is on the OTCBB as maintained by FINRA. As a result, an investor may find it difficult to dispose of, or to obtain accurate quotations as to the price of our securities.

Rule 3a51-1 of the Securities Exchange Act of 1934 establishes the definition of a "penny stock," for purposes relevant to us, as any equity security that has a minimum bid price of less than \$4.00 per share or with an exercise price of less than \$4.00 per share, subject to a limited number of exceptions which are not available to us. It is likely that our shares will be considered to be penny stocks for the immediately foreseeable future. This classification severely and adversely affects any market liquidity for our common stock.

For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person's account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth:

- the basis on which the broker or dealer made the suitability determination, and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stock in both public offerings and in secondary trading and commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions.

Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because of these regulations, broker-dealers may not wish to engage in the above-referenced necessary paperwork and disclosures and/or may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling shareholders or other holders to sell their shares in any secondary market. Our common stock's penny stock status may also have the effect of reducing the level of trading activity in any secondary market. These additional sales practice and disclosure requirements could impede the sale of our securities, if and when our securities become publicly traded. In addition, the liquidity for our securities may decrease, with a corresponding decrease in the price of our securities. Our shares, in all probability, if they trade at all, will be subject to such penny stock rules for the foreseeable future, and our shareholders will, in all likelihood, find it difficult to sell their securities.

***The market for penny stocks has experienced numerous frauds and abuses that could adversely impact investors in our stock.***

Company management believes that the market for penny stocks has suffered from patterns of fraud and abuse. Such patterns include:

- Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "Boiler room" practices involving high pressure sales tactics and unrealistic price projections by sales persons;
- Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- Wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

***State securities laws may limit secondary trading, which may restrict the states in which and conditions under which you can sell shares.***

Secondary trading in our common stock will not be possible in any state until the common stock is qualified for sale under the applicable securities laws of the state or there is confirmation that an exemption, such as listing in certain recognized securities manuals, is available for secondary trading in the state. If we fail to register or qualify, or to obtain or verify an exemption for the secondary trading of, the common stock in any particular state, the common stock could not be offered or sold to, or purchased by, a resident of that state. In the event that a significant number of states refuse to permit secondary trading in our common stock, the liquidity for the common stock could be significantly impacted.

***The ability of our Secretary and majority shareholders to control our business may limit or eliminate minority shareholders' ability to influence corporate affairs.***

Our Secretary and her husband and four other principal shareholders beneficially own 83.95% of our outstanding common stock. Because of this level of beneficial stock ownership, our President and four other principal shareholders will be in a position to continue to elect our Board of Directors, decide all matters requiring stockholder approval and determine our policies. The interests of our President and four other principal shareholders may differ from the interests of other shareholders with respect to the issuance of shares, business transactions with or sales to other companies, selection of officers and Directors and other business decisions. The minority shareholders would have no way of overriding decisions made by our President and three other principal shareholders. This level of control may also have an adverse impact on the market value of our shares because our President and three other principal stockholders may institute or undertake transactions, policies or programs that result in losses, may not take any steps to increase our visibility in the financial community and / or may sell sufficient numbers of shares to significantly decrease our price per share.

***Future sales of common stock by our existing shareholders could adversely affect our stock price.***

As of December 31, 2014, Ladybug has 131,950,000 issued and outstanding shares of common stock. Sales of substantial amounts of common stock in the public market, or the perception that such sales will occur, could have a materially negative effect on the market price of our common stock if a market ever develops. This problem would be exacerbated if we issue common stock in exchange for services or in connection with fund raising transactions.

***We do not expect to pay cash dividends in the foreseeable future***

We have never paid cash dividends on our common stock. We do not expect to pay cash dividends on our common stock at any time in the foreseeable future. The future payment of dividends directly depends upon our future earnings, capital requirements, financial requirements and other factors that our Board of Directors will consider. Since we do not anticipate paying cash dividends on our common stock, return on your investment, if any, will depend solely on an increase, if any, in the market value of our common stock.

**ITEM 2.  
Properties**

We currently operate out of office space located at 11630 Slater Ave., NE, Ste. 1A, Kirkland, Washington 98034 provided to us by our Secretary at no cost, which serves as our address. Ms. Barton incurs no incremental costs as a result of our using the space. Therefore, she does not charge us for its use. There is no written lease agreement.

**ITEM 3.  
Legal Proceedings**

From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

**ITEM 4.  
Removed and Reserved**

**PART II**

**ITEM 5.  
Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

***Market For Common Equity And Related Stockholder Matters***

Our common stock is quoted on the OTC Electronic Bulletin Board. The following table sets forth the high and low bid prices of our common stock for the quarters ending June 30, 2011 and 2010 and interim periods. The quotations set forth below reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Table No. 1

Quarter Ended:			
	<u>Fiscal 2014</u>	<u>High</u>	<u>Low</u>
June 30		0.01	0.01
September 30		0.01	0.01
December 31		0.01	0.01
March 31		0.01	0.01

Fiscal 2013	High	Low
June 30	0.0004	0.0004
September 30	0.0006	0.0004
December 31	0.0005	0.0005
March 31	0.0005	0.0005

(a)  
*Holder*s

Our company has approximately 62 shareholders of its common stock as of June 30, 2011 holding 131,950,000 common shares. We have authorized capital stock consisting of 300,000,000 shares of common stock, \$0.001 par value per share, and 20,000,000 shares of preferred stock, \$0.001 par value per share (“Preferred Shares”).

(b)  
*Dividends*

There are no restrictions imposed on the Company which limit its ability to declare or pay dividends on its common stock, except for corporate state law limitations. No cash dividends have been declared or paid to date and none are expected to be paid in the foreseeable future.

(c)  
*Recent Sales of Unregistered Securities.*

None

(d)  
*Securities Authorized for Issuance under Equity Compensation Plans*

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of December 31, 2014. Information is included for equity compensation plans not approved by our security holders.

Table No. 2

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average Exercise price of outstanding options, warrants, and rights (b)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders	-0-	-0-	-0-
Equity Compensation Plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>			

(e) Forward Stock Split. On May 19, 2010, the Company implemented a Ten for One (10:1) forward stock split of its issued and outstanding common stock. New shares will be issued to each shareholder upon surrender and receipt of the old shares from the shareholder. The Cusip Service Bureau issued a new Cusip number for the shares subject to this transaction which is 50582Q 202. On the effective date, the Company's issued and outstanding common stock will be increased from 11,320,000 to 113,200,000 shares.

## **ITEM 6. Selected Financial Data**

Smaller Reporting Companies are not required to provide this data.

## **ITEM 7. Managements Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the financial information included elsewhere in this Annual Report.

The purpose of this section is to discuss and analyze our financial condition, liquidity and capital resources and results of operations. You should read this analysis in conjunction with the financial statements and notes that appear elsewhere in this Annual Report. This section contains certain "forward-looking statements" within the meaning of federal securities laws that involve risks and uncertainties, including statements regarding our plans, objectives, goals, strategies and financial performance. The Company's actual results could differ materially from the results anticipated in these forward-looking statements as a result of factors set forth under "Disclosure Regarding Forward-Looking Statements" in this Annual Report.

The following discussion should be read in conjunction with our financial statements.

### **RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31,2014 COMPARED TO THE YEAR ENDED DECEMBER 31, 2014**

We had total revenue of \$41,600 for the year ended December 31, 2014, compared to total revenues of \$18,000 for the year ended December 31, 2013, which represented an increase in revenue of \$23,600 or 131.11% from the prior period. Revenues decreased due to the reduction in our former President's services, and management's focus on developing the business of our subsidiaries.

We had total expenses of \$91,608 for the year ended December 31, 2014, compared to total expenses of \$18,930 for the year ended December 31, 2013, an increase in total expenses of \$72,678 or 383.93% from the prior period. The reason for the increase in expenses was due to increase in business activities.

We had a net loss \$16,694 for the year ended December 31, 2014, compared to net loss of \$930 for the year ended December 31, 2013, a decrease of \$17,624 or 1895.05%, which decrease in primarily due to write-off of loans and notes receivable.

### **LIQUIDITY AND CAPITAL RESOURCES**

We had total assets of \$10,000 as of December 31, 2014, consisting of total current assets totaling \$10,000 including accounts receivable.

We had total current liabilities, consisting of accrued professional fees, demand loans payable, liabilities of discontinued operations, of \$18,047.

We had negative working capital of \$8,047 and an accumulated deficit of \$100,937 as of December 31, 2014.

We had total cash used in operating activities of \$18,252 for the year ended December 31, 2014, which was mainly due to \$16,694 of net loss, \$10,000 increase in accounts receivable, decrease in deposits of \$7,800, an increase in

accounts payable and accrued expense of \$10,855 and decrease in assets and liabilities from discontinued operations of \$10,214.

Ladybug does not have any credit facilities or other commitments for debt or equity financing. No assurances can be given that advances when needed will be available. We do not believe that we need funding to cover current operations because we do not have a capital intensive business plan and can also use independent contractors to assist in many projects.

As a corporate policy, we will not incur any cash obligations that we cannot satisfy with known resources, of which there are currently none except as described in “Liquidity” below and/or elsewhere herein. We believe that the perception that many people have of a public company make it more likely that they will accept restricted securities from a public company as consideration for indebtedness to them than they would from a private company. We have not performed any studies of this matter. Our conclusion is based on our own observations. However, there can be no assurances that we will be successful in any of those efforts even if we are a publicly traded entity. Additionally, issuance of restricted shares would necessarily dilute the percentage of ownership interest of our stockholders.

#### Liquidity

Private capital, if sought, will be sought from private investors referred to us our officers or shareholders.

To date, we have not sought any other funding source and have not authorized any person or entity to seek out funding on our behalf. If a sustainable market for our shares develops, of which there can be no assurances, we may use restricted shares of our common stock to compensate employees/consultants and independent contractors wherever possible. Until we identify a source of cash or financing, we plan on keeping discretionary expenses requiring the short-term expenditure of cash to an absolute minimum.

To meet commitments that become due more than 12 months in the future, we will have to obtain engagements in sufficient number and at sufficient levels of profitability, of which there can be no assurance. There does not currently appear to be any other viable source of long-term financing except that management may consider various sources of debt and/or equity financing if the same financing can be obtained on terms deemed reasonable to management.

#### *Recently Issued Accounting Pronouncements*

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-01 “*Equity Topic 505 – Accounting for Distributions to Shareholders with Components of Stock and Cash*”, which clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share (“EPS”)). Those distributions should be accounted for and included in EPS calculations in accordance with paragraphs 480-10-25-14 and 260-10-45-45 through 45-47 of the FASB Accounting Standards codification. The amendments in this Update also provide a technical correction to the Accounting Standards Codification. The correction moves guidance that was previously included in the Overview and Background Section to the definition of a stock dividend in the Master Glossary. That guidance indicates that a stock dividend takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. It also indicates that the proportional interest of each shareholder remains the same, and is a key factor to consider in determining whether a distribution is a stock dividend. The amendments in this Update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-02 “*Consolidation Topic 810 – Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification*”, which provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

- 1.

A subsidiary or group of assets that is a business or nonprofit activity

2.

A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture

3.

An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1.

Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.

2.

Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas-Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10. The amendments in this Update are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-06 "*Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements*", which provides amendments to Subtopic 820-10 that require new disclosures as follows:

1.

Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.

2.

Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

This Update provides amendments to Subtopic 820-10 that clarify existing disclosures as follows:

1.

Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.

2.

Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

This Update also includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets (Subtopic 715-20). The conforming amendments to Subtopic 715-20 change the terminology from *major categories* of assets to *classes* of assets and provide a cross reference to the guidance in Subtopic 820-10 on how to determine appropriate classes to present fair value disclosures. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.



The scope of the reissuance disclosure requirements is refined to include revised financial statements only. The term *revised financial statements* is added to the glossary of Topic 855. Revised financial statements include financial statements revised either as a result of correction of an error or retrospective application of U.S. generally accepted accounting principles.

All of the amendments in this Update are effective upon issuance of the final Update, except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010.

In April 2010, the FASB issued the FASB Accounting Standards Update No. 2010-17 "*Revenue Recognition — Milestone Method (Topic 605) Milestone Method of Revenue Recognition*", which provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive.

Determining whether a milestone is substantive is a matter of judgment made at the inception of the arrangement. The following criteria must be met for a milestone to be considered substantive. The consideration earned by achieving the milestone should:

1.

Be commensurate with either of the following:

a.

The vendor's performance to achieve the milestone

b.

The enhancement of the value of the item delivered as a result of a specific outcome resulting from the vendor's performance to achieve the milestone

2.

Relate solely to past performance

3.

Be reasonable relative to all deliverables and payment terms in the arrangement.

A milestone should be considered substantive in its entirety. An individual milestone may not be bifurcated. An arrangement may include more than one milestone, and each milestone should be evaluated separately to determine whether the milestone is substantive. Accordingly, an arrangement may contain both substantive and nonsubstantive milestones.

A vendor's decision to use the milestone method of revenue recognition for transactions within the scope of the amendments in this Update is a policy election. Other proportional revenue recognition methods also may be applied as long as the application of those other methods does not result in the recognition of consideration in its entirety in the period the milestone is achieved.

A vendor that is affected by the amendments in this Update is required to provide all of the following disclosures:

1.

A description of the overall arrangement

2.

A description of each milestone and related contingent consideration

3.

A determination of whether each milestone is considered substantive

4.

The factors that the entity considered in determining whether the milestone or milestones are substantive

5.

The amount of consideration recognized during the period for the milestone or milestones.

The amendments in this Update are effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early adoption is permitted. If a vendor elects early adoption and the period of adoption is not the beginning of the entity's fiscal year, the entity should apply the amendments retrospectively from the beginning of the year of adoption. Additionally, a vendor electing early adoption should disclose the following information at a minimum for all previously reported interim periods in the fiscal year of adoption:

1.  
Revenue
2.  
Income before income taxes
3.  
Net income
4.  
Earnings per share
5.  
The effect of the change for the captions presented.

A vendor may elect, but is not required, to adopt the amendments in this Update retrospectively for all prior periods.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

#### *Critical Accounting Policies*

The preparation of financial statements and related notes requires us to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements.

Financial Reporting Release No. 60 requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. There are no critical policies or decisions that rely on judgments that are based on assumptions about matters that are highly uncertain at the time the estimate is made. Note 2 to the financial statements included herein, includes a summary of the significant accounting policies and methods used in the preparation of our financial statements.

#### *Seasonality*

We do not yet have a basis to determine whether our business will be seasonal.

#### *Off-Balance Sheet Arrangements*

We have no off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, obligations under any guarantee contracts or contingent obligations. We also have no other commitments, other than the costs of being a public company that will increase our operating costs or cash requirements in the future.

**Item 7A.**  
**Quantitative and Qualitative Disclosure about Market Risk**

Not applicable to small reporting companies.

**ITEM 8.**  
**Financial Statements and Supplementary Data.**

**ITEM 8B.**  
**Other Information. None.**

**ITEM 9.**  
**Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.**

We have had no disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures with any of our accountants for the years ended December 31, 2014 and 2013, or any interim periods. We have not had any other changes in, nor have we had any disagreements, whether or not resolved, with our accountants on accounting and financial disclosures during our recent fiscal year or any later interim period.

**PART III**

**ITEM 10.**  
**Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(A) of the Exchange Act.**

*Fred G. Luke Trace, our Chief Executive Officer, and Chief Financial Officer, has no meaningful accounting or financial reporting education or experience and, accordingly, our ability to meet Exchange Act reporting requirements on a timely basis will be dependent to a significant degree upon others.*

Fred G. Luke, our Chief Executive Officer and Chief Accounting Officer, has no meaningful financial reporting education or experience. Consequently he is heavily dependent on advisors and consultants. As such, there is risk about our ability to comply with all financial reporting requirements accurately and on a timely basis.

*Possible Potential Conflicts*

The OTCBB, on which our shares of common stock are quoted, does not have any director independence requirements.

No member of management is or will be required by us to work on a full time basis, although our President currently devotes approximately 10 hours per month working for us and our Vice-president/COO devotes approximately 30 hours per week working for us. Accordingly, certain conflicts of interest may arise between us and our officers in that they may have other business interests in the future to which they devote their attention, and they may be expected to continue to do so although management time must also be devoted to our business. As a result, conflicts of interest may arise that can be resolved only through their exercise of such judgment as is consistent with their understanding of their fiduciary duties to the Company.

*Board of Directors*

All Directors hold office until the completion of their term of office, which is not longer than one year, or until their successors have been elected. All officers are appointed annually by the Board of Directors and, subject to existing employment agreements (of which there are currently none) and serve at the discretion of the board. Currently, our Directors receive no compensation for their role as Directors but may receive compensation for their role as officers. The Board of Directors has adopted a Code of Ethics.

### *Committees of the Board of Directors*

Concurrent with having sufficient members and resources, the Ladybug Board of Directors will establish an audit committee and a compensation committee. We believe that we will need a minimum of five Directors to have effective committee systems. The audit committee will review the results and scope of the audit and other services provided by the independent auditors and review and evaluate the system of internal controls. The compensation committee will manage any stock option plan we may establish and review and recommend compensation arrangements for the officers. No final determination has yet been made as to the memberships of these committees or when we will have sufficient members to establish committees. See “Executive Compensation” hereinafter.

All Directors will be reimbursed by us for any expenses incurred in attending Directors' meetings provided that we have the resources to pay these fees. We will consider applying for officers and Directors liability insurance at such time when we have the resources to do so.

### *Indebtedness of Directors and Executive Officers*

None of our directors or executive officers or their respective associates or affiliates is indebted to us.

### *Family Relationships*

None

### *Involvement In Certain Legal Proceedings*

To the Company’s knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any Director or executive officer, of Registrant during the past five years, other than as provided above.

## **ITEM 11.**

### **Executive Compensation**

#### Compensation Discussion and Analysis

#### **Director Compensation**

Our Board of Directors does not currently receive any consideration for their services as Directors of the Company. The Board of Directors reserves the right in the future to award the members of the Board of Directors cash or stock based consideration for their services to the Company, which awards, if granted shall be in the sole determination of the Board of Directors.

#### **Executive Compensation Philosophy**

Our Board of Directors determines the compensation given to our executive officers in their sole determination. As our executive officers currently draw no compensation from us, we do not currently have any executive compensation program in place. Although we have not to date, our Board of Directors also reserves the right to pay our executives a salary, and/or to issue them shares of common stock in consideration for services rendered and/or to award incentive bonuses which are linked to our performance, as well as to the individual executive officer’s performance. This package may also include long-term stock based compensation to certain executives which is intended to align the performance of our executives with our long-term business strategies. Additionally, while our Board of Directors has not granted any performance base stock options to date, the Board of Directors reserves the right to grant such options in the future, if the Board in its sole determination believes such grants would be in the best interests of the Company.

## Incentive Bonus

The Board of Directors may grant incentive bonuses to our executive officers in its sole discretion, if the Board of Directors believes such bonuses are in the Company's best interest, after analyzing our current business objectives and growth, if any, and the amount of revenue we are able to generate each month, which revenue is a direct result of the actions and ability of such executives.

## Long-term, Stock Based Compensation

In order to attract, retain and motivate executive talent necessary to support the Company's long-term business strategy we may award certain executives with long-term, stock-based compensation in the future, in the sole discretion of our Board of Directors, which we do not currently have any immediate plans to award.

## ITEM 12.

### Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of June 30, 2011, we had 131,950,000 shares of common stock outstanding which are held by approximately 41 shareholders. The chart below sets forth the ownership, or claimed ownership, of certain individuals and entities. This chart discloses those persons known by the Board of Directors to have, or claim to have, beneficial ownership of more than 5% of the outstanding shares of our common stock as of December 31, 2014; of all Directors and executive officers of Ladybug; and of our Directors and officers as a group.

Unless otherwise indicated, Ladybug believes that all persons named in the table have sole voting and dispositive authority with respect to all shares of the common stock beneficially owned by them. A person is deemed to be the beneficial owner of securities which may be acquired by such person within 60 days from the date indicated above upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by such person (but not those held by any other person) and which are exercisable within 60 days of the date indicated above, have been exercised.

Table 1.  
Management Beneficial Ownership

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Class Percentage</u>
Patricia Barton 11630 Slater Ave. NE Kirkland, WA 98034	75,000,000	56.8%
Craig Barton 11630 Slater Ave. NE Kirkland, WA 98034	75,000,000(1)	56.8(1)
Jeffrey Martin 11637 Orpington Street Orlando, FL 32817	12,300,000(4)	9.32%
Tomas L Tedrow(5) P.O Box 2879 Winter Park, FL 32790	7,950,000(5)	6.03%
Keith Barton 1611 Gatecreek Dr. Pearland, TX 77581	7,575,000	5.74%
Kristine Barton	8,001,000	6.06%

2702 Pebblecreek Dr.  
Pearland, TX 77581

All Officers and Directors  
As a Group

75,000,000

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

We currently operate out of office space located at 11630 Slater Ave., NE, Ste. 1A, Kirkland, Washington 98034 provided to us by our Secretary at no cost, which serves as our address. Ms. Barton incurs no incremental costs as a result of our using the space. Therefore, she does not charge us for its use. There is no written lease agreement.

During the fiscal year ended December 31, 2014, the Company derived 34% of its revenues from two (2) companies, VOF (23.95%) and Seattle Cremations (10.45%). VOF was introduced by the husband of an affiliate and Seattle Cremations was introduced by the same affiliate, Patricia Barton. VOF is a company involved in political web sites. That activity has ceased and it is unlikely that additional revenue will be generated from VOF in the foreseeable future. We do not have any agreements or contracts with any of the companies described above.

Among the New Solar shareholders who received Ladybug shares were Thomas L. Tedrow, whose beneficial ownership of the Company's shares increased to 6.03%, and Jeffery Martin whose beneficial ownership of the Company's shares increased to 9.32% at June 30, 2010. A copy of the Share Exchange Agreement is attached as Exhibit 2.0.

During the fiscal year ended December 31, 2014 all of our corporate income was generated by payments from Barton Family Funeral Services, LLC and Northwest Memorials. These two companies are controlled by Patricia and Craig Barton, company officers. These two companies paid Ladybug Resource Group for website maintenance.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

#### **AUDIT FEES**

The aggregate fees billed for the fiscal years ended December 31, 2013, for professional services rendered by our independent principal accountants, Li & Company, PC, for the audit of our annual financial statements as included in our Annual Report and Registration Statements on Form S-1, and the review of the financial statements included in our Registration Statement and Quarterly Reports on Form 10-Q, as well as services provided in connection with statutory and regulatory filings or engagements for those fiscal years were \$11,000.

#### **AUDIT RELATED FEES**

None.

#### **TAX FEES**

None.

#### **ALL OTHER FEES**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ladybug Resource Group, Inc.  
(Officers Year Ending December 31, 2014)

Fred G. Luke  
Director, President, Secretary and Treasurer

Dated: June 27, 2016

Ladybug Resource Group, Inc.  
(Registrant)

/s/ James Frack  
By: James Frack  
Title: President

**LADYBUG RESOURCE GROUP, INC.**

**December 31, 2014 and 2013**

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LADYBUG RESOURCE GROUP, INC.  
Balance Sheet  
(Unaudited)

	December 31,	
	2014	2013
<b>CURRENT ASSETS:</b>		
Cash	\$ -	\$ 3,252
Accounts receivable	10,000	-
Deposits	-	7,800
Current assets of discontinued operations	-	246
Total current assets	10,000	11,298
Deposit of discontinued operations	-	3,000
<b>TOTAL ASSETS</b>	<b>\$ 10,000</b>	<b>\$ 14,298</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 18,047	\$ 7,191
Current liabilities of discontinued operations	-	4,132
Notes payable discontinued operations	-	9,328
Total current liabilities	18,047	20,651
<b>LONG-TERM LIABILITIES</b>		
Notes payable	20,000	5,000
Total long-term liabilities	20,000	5,000
Total liabilities	38,047	25,651
<b>STOCKHOLDERS' DEFICIT:</b>		
Preferred stock: \$0.001 par value; 20,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock: \$0.001 par value; 300,000,000, shares authorized; 131,950,000 shares issued and outstanding	131,950	131,950
Additional Paid in capital	(59,060)	(59,060)
Accumulated deficit	(100,937)	(84,243)
	(28,047)	(11,353)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 10,000</b>	<b>\$ 14,298</b>

The accompanying notes are an integral part of the financial statements.

LADYBUG RESOURCE GROUP, INC.  
Statement of Operations  
(Unaudited)

	For the year Ended December 31,	
	2014	2013
Revenue	<u>\$ 41,600</u>	<u>\$ 18,000</u>
Operating Expenses:		
Professional fees	5,656	1,750
Office and subcontractor costs	83,672	16,288
Travel	2,280	892
Total operating expenses	<u>91,608</u>	<u>18,930</u>
Loss from continuing operations	<u>(50,008)</u>	<u>(930)</u>
Other income(expense)		
Write off of debt	23,100	-
Gain on write off of discontinued operations	<u>10,214</u>	<u>-</u>
Total other income(expense)	33,314	-
Loss from continuing operation before income taxes	<u>(16,694)</u>	<u>(930)</u>
Provision for income tax	-	-
Loss from continuing operations	(16,694)	(930)
Loss from discontinued operations, net of income tax	<u>-</u>	<u>-</u>
Net loss	<u><u>\$ (16,694)</u></u>	<u><u>\$ (930)</u></u>
Loss per common share basic and diluted		
Continuing operations	\$ -	\$ -
Discontinued operations	\$ -	\$ -
Weighted average number of common shares outstanding - basic and diluted	131,950,000	131,950,000

The accompanying notes are an integral part of the financial statements.

LADYBUG RESOURCE GROUP, INC.  
Statement of Cash Flows  
(Unaudited)

	For the year Ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (16,694)	\$ (930)
Adjustments to reconcile net income(loss) to net cash used in operating activities:		
Deposit	-	-
Changes in operating assets and liabilities:		
Accounts receivable	(10,000)	-
Deposits	7,800	
Gain on write off of discontinued operations	(10,214)	
Accounts payable and acccrued expenses	10,856	-
	(18,252)	(930)
<b>CASH FLOWS FROM INVESTING ACTIVITILES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	15000	5000
	15000	5000
<b>NET CHANGE IN CASH</b>	<b>(3,252)</b>	<b>4,070</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>3,252</b>	<b>(817)</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ -</b>	<b>\$ 3,253</b>

The accompanying notes are an integral part of the financial statements.

**LADYBUG RESOURCE GROUP, INC.**

December 31, 2014 and 2013

Notes to Interim Financial Statements

**(Unaudited)**

NOTE 1 - ORGANIZATION

Ladybug Resource Group, Inc. (the “Company”) was incorporated in the State of Nevada on November 27, 2007. Its business purpose is to assist in the design of websites and website components that use specific marketing messages or themes to reach target audiences. Its initial marketing focus is the websites of the funeral industry in the Seattle, Washington area.

New Solar Electricity Corporation (“New Solar”) was incorporated in the State of Nevada on December 15, 2009. New Solar is a Nevada alternative energy corporation formed in 2009 seeking to capitalize on the growing global solar market through the planned development of a low cost solar concentrator.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements for the six months ended December 31, 2014 and 2013 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Annual Report and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations realized during an interim period are not necessarily indicative of results to be expected for a full year.

Fiscal year-end

The Company has elected a fiscal year ending on December 31.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combination

In accordance with section 805-10-05 of the FASB Accounting Standards Codification the Company allocates the purchase price of acquired entities to the tangible and intangible assets acquired and liabilities assumed, based on their estimated fair values.

Management makes estimates of fair values based upon assumptions believed to be reasonable. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results.

### Cash Equivalents

The Company considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

### Computer equipment

Computer equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over an estimated useful life of three (3) years.

### Impairment of long-lived assets

The Company follows section 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's reviews its long-lived assets, which includes computer equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated or amortized over the newly determined remaining estimated useful lives. The Company determined that there were no impairments of long-lived assets as of December 31, 2014 and 2013.

### Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash, accounts payable and accrued professional fees, approximate their fair values because of the short maturity of these instruments.

The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value at December 31, 2011 or 2010, nor gains or losses are reported in the statement of operations that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the interim period ended December 31, 2011 or 2010.

### Revenue Recognition

The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured.

### Stock-based compensation for obtaining employee services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB Accounting Standards Codification. Pursuant to paragraph 718-10-30-6 of the FASB Accounting Standards Codification, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

The Company uses historical data to estimate employee termination behavior. The expected life of options granted is derived from paragraph 718-10-S99-1 of the FASB Accounting Standards Codification and represents the period of time the options are expected to be outstanding.

The expected volatility is based on a combination of the historical volatility of the comparable companies' stock over the contractual life of the options.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option.

The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the contractual life of the option.

The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award.

### Equity instruments issued to parties other than employees for acquiring goods or services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of section 505-50-30 of the FASB Accounting Standards Codification ("FASB ASC Section 505-50-30"). Pursuant to FASB ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

### Income Taxes

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

#### Net Loss per Common Share

Net loss per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. There were no potentially dilutive shares outstanding as of December 31, 2014 or 2013.

#### Commitment and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

#### Cash Flows Reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method (“Indirect method”) as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

#### Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements are issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

### Recently Issued Accounting Standards

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-01 “*Equity Topic 505 – Accounting for Distributions to Shareholders with Components of Stock and Cash*”, which clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share (“EPS”)). Those distributions should be accounted for and included in EPS calculations in accordance with paragraphs 480-10-25-14 and 260-10-45-45 through 45-47 of the FASB Accounting Standards codification. The amendments in this Update also provide a technical correction to the Accounting Standards Codification. The correction moves guidance that was previously included in the Overview and Background Section to the definition of a stock dividend in the Master Glossary. That guidance indicates that a stock dividend takes nothing from the property of the corporation and adds nothing to the interests of the stockholders. It also indicates that the proportional interest of each shareholder remains the same, and is a key factor to consider in determining whether a distribution is a stock dividend. The amendments in this Update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-02 “*Consolidation Topic 810 – Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification*”, which provides amendments to Subtopic 810-10 and related guidance within U.S. GAAP to clarify that the scope of the decrease in ownership provisions of the Subtopic and related guidance applies to the following:

1.  
A subsidiary or group of assets that is a business or nonprofit activity
2.  
A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture
3.  
An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture).

The amendments in this Update also clarify that the decrease in ownership guidance in Subtopic 810-10 does not apply to the following transactions even if they involve businesses:

1.  
Sales of in substance real estate. Entities should apply the sale of real estate guidance in Subtopics 360-20 (Property, Plant, and Equipment) and 976-605 (Retail/Land) to such transactions.
2.  
Conveyances of oil and gas mineral rights. Entities should apply the mineral property conveyance and related transactions guidance in Subtopic 932-360 (Oil and Gas-Property, Plant, and Equipment) to such transactions.

If a decrease in ownership occurs in a subsidiary that is not a business or nonprofit activity, an entity first needs to consider whether the substance of the transaction causing the decrease in ownership is addressed in other U.S. GAAP, such as transfers of financial assets, revenue recognition, exchanges of nonmonetary assets, sales of in substance real estate, or conveyances of oil and gas mineral rights, and apply that guidance as applicable. If no other guidance exists, an entity should apply the guidance in Subtopic 810-10. The amendments in this Update are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009.

In January 2010, the FASB issued the FASB Accounting Standards Update No. 2010-06 “*Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements*”, which provides amendments to Subtopic 820-10 that require new disclosures as follows:

1.  
Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
- 2.



Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number).

This Update provides amendments to Subtopic 820-10 that clarify existing disclosures as follows:

1.  
Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.
2.  
Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

This Update also includes conforming amendments to the guidance on employers' disclosures about postretirement benefit plan assets (Subtopic 715-20). The conforming amendments to Subtopic 715-20 change the terminology from *major categories* of assets to *classes* of assets and provide a cross reference to the guidance in Subtopic 820-10 on how to determine appropriate classes to present fair value disclosures. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

In February 2010, the FASB issued the FASB Accounting Standards Update No. 2010-09 “*Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements*”, which provides amendments to Subtopic 855-10 as follows:

1.  
An entity that either (a) is an SEC filer or (b) is a conduit bond obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets) is required to evaluate subsequent events through the date that the financial statements are issued. If an entity meets neither of those criteria, then it should evaluate subsequent events through the date the financial statements are available to be issued.
2.  
An entity that is an SEC filer is not required to disclose the date through which subsequent events have been evaluated. This change alleviates potential conflicts between Subtopic 855-10 and the SEC's requirements.
3.  
The scope of the reissuance disclosure requirements is refined to include revised financial statements only. The term *revised financial statements* is added to the glossary of Topic 855. Revised financial statements include financial statements revised either as a result of correction of an error or retrospective application of U.S. generally accepted accounting principles.

All of the amendments in this Update are effective upon issuance of the final Update, except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010.

In April 2010, the FASB issued the FASB Accounting Standards Update No. 2010-17 “*Revenue Recognition — Milestone Method (Topic 605) Milestone Method of Revenue Recognition*”, which provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive.

Determining whether a milestone is substantive is a matter of judgment made at the inception of the arrangement. The following criteria must be met for a milestone to be considered substantive. The consideration earned by achieving the milestone should:

1.  
Be commensurate with either of the following:
  - a.  
The vendor's performance to achieve the milestone
  - b.  
The enhancement of the value of the item delivered as a result of a specific outcome resulting from the vendor's performance to achieve the milestone
2.  
Relate solely to past performance
3.  
Be reasonable relative to all deliverables and payment terms in the arrangement.

A milestone should be considered substantive in its entirety. An individual milestone may not be bifurcated. An arrangement may include more than one milestone, and each milestone should be evaluated separately to determine whether the milestone is substantive. Accordingly, an arrangement may contain both substantive and nonsubstantive milestones.

A vendor's decision to use the milestone method of revenue recognition for transactions within the scope of the amendments in this Update is a policy election. Other proportional revenue recognition methods also may be applied as long as the application of those other methods does not result in the recognition of consideration in its entirety in the period the milestone is achieved.

A vendor that is affected by the amendments in this Update is required to provide all of the following disclosures:

1.  
A description of the overall arrangement
2.  
A description of each milestone and related contingent consideration
3.  
A determination of whether each milestone is considered substantive
4.  
The factors that the entity considered in determining whether the milestone or milestones are substantive
5.  
The amount of consideration recognized during the period for the milestone or milestones.

The amendments in this Update are effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early adoption is permitted. If a vendor elects early adoption and the period of adoption is not the beginning of the entity's fiscal year, the entity should apply the amendments retrospectively from the beginning of the year of adoption. Additionally, a vendor electing early adoption should disclose the following information at a minimum for all previously reported interim periods in the fiscal year of adoption:

1.  
Revenue
2.  
Income before income taxes
3.  
Net income
4.  
Earnings per share
- 5.

The effect of the change for the captions presented.

A vendor may elect, but is not required, to adopt the amendments in this Update retrospectively for all prior periods.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

#### NOTE 3 - GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of \$100,937 at December 31, 2014 a net loss from continuing operations of \$16,694, and net cash used in operations of \$18,252 for the period then ended.

While the Company is attempting to generate sufficient revenues, the Company's cash position may not be enough to support the Company's daily operations. The Company intends to seek business aggressively through the business contacts of its management and investors. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise funds if necessary, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to generate increased levels of revenues.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### NOTE 4 – NOTE PAYABLE

The Company signed a convertible note payable on December 20, 2013. The note was for \$20,000. The note is payable on or before December 20, 2016, the interest rate is 1% per annum from the date funds are received. The accumulated interest and principle may be converted using a share price of \$0.0001 per share.note may be converted. As of September 30, 2014 the note has been funded \$20,000.

#### NOTE 5 - RELATED PARTY TRANSACTIONS

##### Free office space

The Company had been provided office spaces by its majority stockholder at no cost. The management determined that such cost is nominal and did not recognize rent expense in its financial statements.

#### NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were no reportable subsequent events to be disclosed.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.

LADYBUG RESOURCE GROUP, INC.  
CONVERTIBLE PROMISSORY NOTE

\$20,000.00

December 20, 2013

1. Principal, Interest, and Bonus Payment.

LADYBUG RESOURCE GROUP, INC. a Nevada corporation (the "Company"), for value received, hereby promises to pay to the order of Eurasia Finance & Development Corp., a California corporation (the "Holder") the sum of all advances made pursuant to this Note up to TWENTY THOUSAND Dollars (\$20,000)

Upon repayment of this Promissory Note (the "Note"), an additional \$1000 bonus payment will be added to any unpaid balance per year. This Note will accrue interest at 1% per month from the date the Company received US Dollars. This Note shall be payable upon the earlier of (a) written demand, or (b) December 20, 2016 (the "Maturity Date"). Commencing on the Demand Date, all principal, interest and bonus payments hereunder shall be payable by the Company upon demand made by the Holder or its assignee.

Upon payment in full of the principal, interest, and bonus payment, this Note shall be surrendered to the Company for cancellation.

The principal, interest, and bonus payment under this Note shall be payable at the principal office of the Company and shall be forwarded to the address of the Holder hereof as such Holder shall from time to time designate.

2. Registered Owner. The Company may consider and treat the person in whose name this Note shall be registered as the absolute owner thereof for all purposes whatsoever (whether or not this Note shall be overdue) and the Company shall not be affected by any notice to the contrary. Subject to the provisions hereof, the registered owner of this Note shall have the right to transfer it by assignment and the transferee thereof, upon his registration as owner of this Note, shall become vested with all the powers and rights of the transferor. Registration of any new owner shall take place upon presentation of this Note to the Company at its offices together with the Note Assignment Form attached hereto duly executed. In case of transfers by operation of law, the transferee shall notify the Company of such transfer and of his address, and shall submit appropriate evidence regarding the transfer so that this Note may be registered in the

upon conversion of the Note, then the Company shall call and hold a special meeting of its stockholders within forty-five (45) days of that time for the sole purpose of increasing the number of authorized shares of Common Stock.

3.4 Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by three days from the date of the Notice of Conversion (the "Deadline"), the Borrower shall pay to the Holder \$2,000.00 USD per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock through willful or deliberate acts on the part of the Borrower. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to quantify. Accordingly the parties acknowledge that the liquidated damages provision contained in this Section 1.4(g) are justified.

3.5 Notice and Conversion Procedures. If the Holder elects to convert this Note, the Holder shall provide the Company with a written notice of conversion setting forth the amount to be converted. The notice must be delivered to the Company together with this Note. Within twenty (20) business days of receipt of such notice, the Company shall deliver to the Holder certificate(s) for the Common Stock issuable upon such conversion and, if the entire principal amount hereunder was not so converted, a new note representing such balance.

3.6 Other Conversion Provisions.

(a) Adjustment of Note Conversion Price. In the event the Company shall in any manner, subsequent to the issuance of this Note, approve a reclassification involving a reverse stock split and subdivision of the Company's issued and outstanding shares of Common Stock, the Note Conversion Price shall not be adjusted. In the event the Company shall in any manner, subsequent to the issuance of this Note, approve a reclassification involving a forward stock split and subdivision of the Company's issued and outstanding shares of Common Stock, the Note Conversion Price shall not be adjusted.

(a) Adjustment Due to Merger, Consolidation, etc. If, prior to the conversion of this Note, there shall be any merger, consolidation, exchange of shares, reorganization, or other similar event, as a result of which shares of Common Stock of the Company shall be changed into the same or a different number of shares of the new entity ("Business Combination"), then the Holder of this Note shall thereafter have the right to receive

name of the transferee. This Note is transferable only on the books of the Company by the Holder on the surrender hereof, duly endorsed. Communications sent to any registered owner shall be effective as against all holders or transferees of this Note not registered at the time of sending the communication.

### 3. Conversion.

**3.1 Voluntary Conversion.** In the event that the Note is not paid prior to the Demand Date, the Holder shall have the right thereafter, to accept payment or exercisable in whole or in part, to convert the outstanding principal, interest and bonus payment hereunder into a number of fully paid and nonassessable whole shares of the Company's \$0.0001 par value common stock ("Common Stock") determined in accordance with Section 3.2 below.

**3.2 Shares Issuable.** The number of whole shares of Common Stock into which this Note may be voluntarily converted ("Conversion Shares") shall be determined by dividing the aggregate principal and interest amount borrowed hereunder by \$0.0001 (the "Note Conversion Price"). provided, however, that, in no event, shall Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of this Note or the unexercised or unconverted portion of any other security of the Company subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of common stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by Holder and its affiliates of more than 9.9% of the outstanding shares of common stock of the Company. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934 and Regulation 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the Note Conversion Price.

The term "Conversion Amount" means, with respect to any conversion of this Note, into Common Stock of the Company (1) the principal amount of this Note, plus (2) accrued interest and bonus payment, as defined in Note (3) Until the Full Balance of Note is converted into Common Stock of the Company in full, plus accrued interest and bonus payment due Holder, there shall be no corporate or Board action by the Company to modify the current Capital Structure of the Company, without prior written approval of Holder. No further Board action will be required by any of the parties to this addendum other than Holder may, if the Company does not issue the Holder shares within one (1) business day, provide a copy of this Agreement to the Company's transfer agent and cause the immediate issuance of the shares to Holder. This Debt/Equity shall follow and track with the public securities and public Company of any Business Combination.



3.3 Reservation of Common Stock. The Company covenants that during the period the Note is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of Common Stock of the Company upon the Conversion of the Note. The Company further covenants that its issuance of this Note shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock of the Company issuable upon the conversion of this Note. The Company will take all such reasonable action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the OTC Bulletin Board (or such other principal market upon which the Common Stock of the Company may be listed or quoted).

(a) The Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder against impairment. Without limiting the generality of the foregoing, the Company will (a) not increase the par value of any shares of Common Stock issuable upon the conversion of this Note above the amount payable therefor upon such conversion immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of this Note, and (c) use its best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Note.

(b) Upon the request of Holder, the Company will at any time during the period this Note is outstanding acknowledge in writing, in form reasonably satisfactory to Holder, the continuing validity of this Note and the obligations of the Company hereunder.

(c) Before taking any action which would cause an adjustment reducing the current Conversion Price below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Notes, the Company shall take any corporate action which may be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of such Common Stock at such adjusted Conversion Price.

(d) Before taking any action which would result in an adjustment in the number of shares of Common Stock into which this Note is convertible or in the Conversion Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof. (e) If at any time the Company does not have a sufficient number of authorized and available shares of Common Stock for issuance

upon conversion upon the same basis and upon the terms and conditions specified herein the Common Stock of the new entity evidencing the public securities, or the "public Company". This Debt/Equity shall follow and track with the public securities and public Company of any Business Combination.

(b) Adjustments Due to Stock Dividends; Combinations Etc. Anti-Dilution Provision, In the event that the Company, at any time or from time to time hereafter, shall (i) declare any dividend or other distribution on its Common Stock payable in Common Stock of the Company or in securities convertible into or exchangeable for Common Stock, including without limitation rights; (ii) effect a subdivision of its outstanding Common Stock into a greater number of shares of Common Stock by reclassification, stock split or otherwise than by payment of a dividend in shares of Common Stock; (iii) effect a combination or consolidation of its outstanding Common Stock into a lesser number of shares of Common Stock by reclassification, reverse split or otherwise; (iv) issue by reclassification, exchange or substitution of its Common Stock any shares of capital stock of the Company; or (v) effect any other transaction having similar effect, then the Holder may convert into the exchangeable securities. The purpose of the adjustment shall be that, in the event of a conversion at any time after the occurrence of any event described in (i) through (v) above, the Holder shall be entitled to receive the shares of Conversion Stock (or other securities) to which such Holder would have been finally entitled, after giving effect to the occurrence of such event, as if such Holder had converted this Note immediately prior to the occurrence of such event. An adjustment made pursuant to this Section 2.3.1 shall become effective immediately after the record date in the case of a dividend or other distribution and shall become effective immediately upon the effective date in the case of a subdivision, combination, reclassification, exchange or substitution. The Corporation shall take no such action with respect to the Common Stock unless the Corporation shall simultaneously reserve out of the authorized, unissued and unreserved shares of common stock a sufficient number of shares of Common Stock to be available for full conversion of the Notes at the new

(d) Common Stock Defined. Whenever reference is made in this Note to the shares of Common Stock, the term "Common Stock" shall mean the Common Stock of the Company authorized as of the date hereof, and any other class of stock ranking on a parity with such Common Stock. Shares issuable upon conversion hereof shall include only shares of Common Stock of the Company.

3.7 No Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder the amount of outstanding principal hereunder that is not so converted.

4. Representations, Warranties and Covenants of the Company. The Company represents warrants and covenants with the Holder as follows:





(a) Authorization; Enforcement. (i) The Company has all requisite corporate power and authority to enter into and perform this Note and to consummate the transactions contemplated hereby and thereby and to issue the Common Stock, in accordance with the terms hereof, (ii) the execution and delivery of this Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note and the issuance and reservation for issuance of the Common Stock issuable upon conversion or exercise hereof) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Note has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Note and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Note constitutes, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(b) Issuance of Shares. The Conversion Shares are duly authorized and reserved for issuance and, upon conversion of the Note in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

(c) Acknowledgment of Dilution. The Company understands and acknowledges the potentially dilutive effect to the Common Stock upon the issuance of the Conversion Shares upon conversion of this Note. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of this Note is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other shareholders of the Company.

(d) Governmental Consents. No consent, approval, qualification, order or authorization of, or filing with, any local, state or federal governmental authority is required on the part of the Company in connection with the Company's valid execution, delivery or performance of this Note except any notices required to be filed with the Securities and Exchange Commission under Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), or such filings as may be required under applicable state securities laws, which, if applicable, will be timely filed within the applicable periods therefore.

(e) No Violation. The execution, delivery and performance by the Company of this Note and the consummation of the transactions contemplated hereby will not result in a violation of its Certificate of Incorporation or Bylaws, in any material respect of any provision of any mortgage, agreement, instrument or contract to which it is a party or by which it is bound or, to the best of its knowledge, of any federal or state judgment, order, writ, decree, statute, rule or regulation applicable to the Company or be in material

conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations, or any of its assets or properties.

5. Representations and Covenants of the Holder. The Company has entered into this Note in reliance upon the following representations and covenants of the Holder:

(a) Investment Purpose. This Note and the Common Stock issuable upon conversion of the Note are acquired for investment and not with a view to the sale or distribution of any part thereof, and the Holder has no present intention of selling or engaging in any public distribution of the same except pursuant to a registration or exemption.

(b) Private Issue. The Holder understands (i) that this Note and the Common Stock issuable upon conversion of this Note are not registered under the 1933 Act or qualified under applicable state securities laws, and (ii) that the Company is relying on an exemption from registration predicated on the representations set forth in this Section 8.

(c) Financial Risk. The Holder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment.

(d) Risk of No Registration. The Holder understands that if the Company does not register with the Securities and Exchange Commission pursuant to Section 12 of the Securities Exchange Act of 1934 (the "1934 Act"), or file reports pursuant to Section 15(d) of the 1934 Act, or if a registration statement covering the securities under the 1933 Act is not in effect when it desires to sell the Common Stock issuable upon conversion of the Note, it may be required to hold such securities for an indefinite period. The Holder also understands that any sale of the Note or the Common Stock which might be made by it in reliance upon Rule 144 under the 1933 Act may be made only in accordance with the terms and conditions of that Rule.

6. Assignment. Subject to the restrictions on transfer described in Section 8 below, the rights and obligations of the Company and the Holder shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

7. Waiver and Amendment. Any provision of this Note may be amended, waived or modified upon the written consent of the Company and the Holder.

8. Transfer of This Note or Securities Issuable on Conversion Hereof. With respect to any offer, sale or other disposition of this Note or securities into which this Note may be converted, the Holder will give written notice to the Company prior thereto, describing briefly the manner thereof. Unless the Company reasonably determines that such transfer would violate applicable securities laws, or that such transfer would adversely affect the Company's ability to

account for future transactions to which it is a party as a pooling of interests, and notifies the Holder thereof within five (5) business days after receiving notice of the transfer, the Holder may effect such transfer. The Note thus transferred and each certificate representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the 1933 Act, unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the 1933 Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

9. Notices. Any notice, other communication or payment required or permitted hereunder shall be in writing and shall be deemed to have been given upon delivery if personally delivered or three (3) business days after deposit if deposited in the USA's mail for mailing by certified mail, postage prepaid, and addressed as follows:

If to Eurasia: Eurasia Finance & Development Corp.  
PO Box 551  
Penn Valley, CA  
Telephone: 310.541.6600  
Email: jllc@aol.com

If to Company: Ladybug Resource Group, Inc.  
2618 San Miguel, Suite 203  
Newport Beach, CA 92660  
Telephone: 949.400.1415  
Email: Luke.gmai@gmail.com

Each of the above addressees may change its address for purposes of this Section by giving to the other addressee notice of such new address in conformance with this Section.

10. Governing Law. This Note is being delivered in and shall be construed in accordance with the laws of the State of Nevada, without regard to the conflicts of laws provisions thereof.

11. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

12. Waiver by the Company. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

13. Delays. No delay by the Holder in exercising any power or right hereunder shall operate as a waiver of any power or right.

14. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision was so excluded and shall be enforceable in accordance with its terms.



15. Attorney Fees. If the indebtedness represented by this Note or any part thereof is collected in bankruptcy, receivership or other judicial proceedings or if this Note is placed in the hands of attorneys for collection after default, the Company agrees to pay, in addition to the principal, interest, and the bonus payment payable hereunder, reasonable attorneys' fees and costs incurred by the Holder.

16. No Impairment. The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Note and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder of this Note against impairment.


IN WITNESS WHEREOF, Ladybug Resource Group, Inc. has caused this Note to be executed in its corporate name and this Note to be dated, issued and delivered, all on the date first above written.

**Ladybug Resource Group, Inc.**

By  \_\_\_\_\_

Name: FRED G LUKE  
Title: PRESIDENT

**Eurasia Finance & Development corp.**

By  \_\_\_\_\_

Name: ILANUR  
Title: PRESIDENT