

# VIRTUAL SOURCING, INC.

## ANNUAL REPORT

YEAR ENDED  
JUNE 30, 2013

**Item 1. Name of issuer and its predecessor**

Virtual Sourcing, Inc. 8/31/12  
Pangenex Corp. 3/3/08 to 8/31/12  
Nano Chemical Systems Holdings, Inc. from 2/15/05 to 3/3/08,  
Heritage Scholastic Corporation from 7/30/99 to 2/15/05

**Item 2. Address of the issuer's principal executive offices**

1200 G St NW, Suite 800  
Washington DC 20005  
Telephone (877) 581-4611  
Facsimile (410) 309-5962  
Website in development  
No Investor Relations Firm is currently engaged

**Item 3. Security Information**

Trading Symbol: PGCX  
Cusip: 92829C109

Common shares authorized	977,000,000
Common shares outstanding	81,886,184*
Free trading shares (public float)	21,853,264
Total number of beneficial shareholders	2
Total number of shareholders' of record	21
Preferred shares authorized	22,000,000
Preferred shares outstanding Series A	1,000
Preferred shares outstanding Series B	100

Par Value of all classes of stock is \$.001

\*754,625 common shares Included in the outstanding have been placed in book form pending receipt of certain documents from the original holder for there cancellation. These shares have been returned to the company transfer agent.

Transfer Agent: ClearTrust LLC  
16540 Pointe Village Dr  
Suite 206  
Lutz, FL 33558  
Phone: 813-235-4490

**Is the Transfer Agent registered under the Exchange Act?** X Yes No

**List any restrictions on the transfer of security:** None

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

None

**List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred with the past 12 months.**

The Company completed a 1:1,500 reverse split effective 8/31/2012.

The Company completed the acquisition of 80% Allied Recycling Corp in April 2013 and has reported its operation in this filing.

The Company is seeking acquisition candidates who participate in the recycling of paper, plastics, composites and the manufacturers, distributors or marketers of products derived from recycled materials.

Prior License Agreement and shares originally purchased in 2012, rescinded.

#### Item 4. Issuance History

Shareholder	Month/ Year	Offer Type	Jurisdiction	Shares offered and sold	Offering Price/price received	Current share status	Restrictive legend applied at issue
Common Stock							
Bulova Tech Labs (1)	11/11	Debt	None	3,400,000	\$204,000	Restrict	Yes
BulovaTech Riverside (1)	12/11	144 Debt	None	416,667	\$25,000	Free	No
Saint Anton Capital	12/11	144 Debt	None	450,000	\$27,000	Free	No
Gibraltar Securities	01/12	144 Debt	None	66,667	\$4,000	Free	No
Blue Flame Enterprise, Inc.	04/13	Prefer A Conv	None	997,500	\$39,900	Restrict	Yes
Titan Marketing Corp	04/13	Prefer B Conv	None	4,900,000	\$0	Free	No
Partners Consultants, Inc.	04/13	Prefer B Conv	None	5,100,000	\$0	Free	No
Backwoods Ventures, Inc.	04/13	Prefer B Conv	None	4,900,000	\$0	Free	No
Lakeshore Capital, Inc.	04/13	Prefer B Conv	None	5,400,000	\$0	Free	No
Gallant Acquisitions Corp	04/13	Acqu 4.2	None	55,000,000	\$2,300,000	Restrict	Yes

(1) These holdings are now the property of the Chapter 7 Trustee in Tampa, FL, except for the shares issued 12/11 which the Company believes have been liquidated.

## Item 5. Financial Statements

### Virtual Sourcing, Inc. Balance Sheet (unaudited)

ASSETS				
		At		At
		June 30,		June 30
		2013		2012
<b>Current Assets</b>				
Cash	\$	202	\$	356
<b>Total Current Assets</b>		202		356
<b>Other Assets</b>				
Product License		240,000		4,500,000
Subsidiary Stock		2,500,000		-
<b>Total Other Assets</b>		2,800,000		4,500,000
<b>TOTAL ASSETS</b>	\$	<b>2,740,202</b>	\$	<b>4,500,356</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>				
<b>Current Liabilities</b>				
Accounts payable	\$	18,908	\$	2,300
Contracts Payable		240,000		-
Accrued expenses		114,167		-
<b>Total Current Liabilities</b>		373,075		2,300
<b>Short-Term Liabilities</b>				
Notes Payable		91,643		59,052
<b>Total Short-Term Liabilities</b>		91,643		59,052
<b>TOTAL LIABILITIES</b>		464,718		61,352
<b>Stockholders' Equity (Deficit)</b>				
Common stock, 977,000,000 and 9,978,000,000 authorized, par value \$.001, 81,886,184 and 4,833,869 issued and outstanding June 30, 2013 and June 30, 2012, respectively		81,866		4,834
Preferred stock, 21,978,000 authorized, 0 issued and outstanding		-		-
Preferred stock, Series A, 10,000 authorized, issued and outstanding 1,000 and 0 June 30, 2013 and June 30, 2012, respectively		1		-
Preferred stock Series B, 12,000 authorized, issued and outstanding 396 and 0, June 30, 2013 and June 30, 2012, respectively		-		-
Paid in capital		5,308,718		6,640,705
Retained deficit		(3,115,101)		(2,911,502)
<b>Total Stockholders' Equity (Deficit)</b>		2,275,484		3,734,037
<b>Total Liabilities and Stockholders' Deficit</b>	\$	<b>2,740,202</b>	\$	<b>4,500,356</b>

**Virtual Sourcing, Inc.**  
**Statement of Operations**  
**(unaudited)**

		<b>Year</b>		<b>Year</b>
		<b>Ended</b>		<b>Ended</b>
		<b>June 30,</b>		<b>June 30,</b>
		<b>2013</b>		<b>2012</b>
<b>Revenues</b>				
Sales	\$	-	\$	-
<b>Other Operating Income</b>				
Royalty income		-		-
Shipping & handling – net of expense		-		-
<b>Total Revenue</b>		-		-
<b>Cost of Goods Sold</b>				
Cost of Goods Sold		-		-
<b>Gross Profit</b>	\$	-	\$	-
<b>Expenses</b>				
Advertising and marketing	\$	-	\$	-
Payroll		94,167		-
Professional fees		77,167		2,521
Public Company		14,844		-
Rent		1,310		-
General and administrative		16,111		37
<b>Total Expenses</b>		203,599		2,558
<b>Income (Loss) from Operations</b>		(203,599)		(2,558)
<b>Other Income (Expenses)</b>				
Interest expense		-		-
Other income		-		-
<b>Total Other Income (Expense)</b>		-		-
<b>Net (Loss) Before Provision for Income Tax</b>		(203,599)		(2,558)
<b>Provision for income taxes</b>		-		-
<b>Net Loss</b>	\$	(203,599)	\$	(2,558)
<b>Basic loss per share</b>	\$	(.00)	\$	.00
<b>Weighted average number of common shares – basic and diluted</b>		1,228,948,349		3,221,595

**Virtual Sourcing, Inc.**  
**Statement of Cash Flows**  
**(unaudited)**

		Year		Year
		Ended		Ended
		June 30,		June 30,
		<u>2013</u>		<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss)	\$	(203,599)	\$	(2,558)
Prior period adjustments		-		-
Adjustments to reconcile net loss to net cash Provided by (used in) operating activities:				
Depreciation		-		-
Amortization		-		-
Stock issued for services		40,000		-
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable		-		-
(Increase) decrease in inventory		-		-
Increase (decrease) in accounts payable and accrued expenses		130,775		37
<b>Net cash used by operating activities</b>		(32,824)		(2,521)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment		-		-
<b>Net cash (used) in investing activities</b>		-		-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from notes payable		32,670		2,521
Proceeds from sale of common stock		-		-
<b>Net cash provided by financing activities</b>		32,670		2,521
<b>Net increase (decrease) in cash and cash equivalents</b>	\$	(154)	\$	-
<b>Cash at beginning of period</b>	\$	356	\$	356
<b>Cash at end of period</b>	\$	202	\$	356
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Interest paid	\$	-	\$	-
Income taxes paid	\$	-	\$	-

These financial statements present fairly, in all respects, the financial position of the company and the results of its operations and cash flows for the periods presented in conformity with GAAP in the United States consistently applied and hereby certified by Terry Tyree, President, Virtual Sourcing, Inc..

See accompanying notes to financial statements

**NOTE 1: Summary of Significant Accounting Policies, Nature of Operations and Use of Estimates:**

**Nature of Business and Basis of Presentation**

Virtual Sourcing, Inc. (the “Company”) was incorporated in the State of Nevada on July 30, 1999 as Heritage Scholastic Corp. In March 2005 the Company bought a chemical company and disposed of the prior business and changed its name to Nano Chemical Systems Holdings, Inc. In April 2008, the Company changed its name to Pangenex Corporation. Our current name became effective in August 2012.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”).

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements, including the estimated useful lives of tangible and intangible assets. Management believes the estimates used in preparing the financial statements are reasonable and accurate. Actual results could differ from these estimates.

On February 21, 2008, The Board of Directors approved a 1:17 reverse stock split which was paid on April 8, 2008. The Company again did a reverse stock split of 1:700 effective February 26, 2009. The last reverse split was effected on August 31, 2012 of 1:1,500. The Basic Loss Per Share for the year ended March 31, 2013 and all subsequent periods that included 2012 have been adjusted to reflect the last reverse split.

**Revenue Recognition**

Revenue is recognized in accordance with SEC Staff Accounting Bulletin No. 101, “Revenue Recognition in Financial Statements”. The Company recognizes revenue when the significant risks and rewards of ownership have been transferred to the customer pursuant to applicable laws and a regulation, including factors such as when there is evidence of a sale arrangement, delivery has occurred, or service has been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured.

**Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principals in the United States of America requires management to make estimates and assumptions, which 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.

**Cash and Cash Equivalents**

Cash and Cash equivalents are considered to be highly liquid investments purchased with an initial maturity of three (3) months or less.



## **Income Taxes**

The Company complies with the Provisions of SFAS No. 109 "Accounting for Income Taxes". Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

## **Changes in Prior Accounting**

Certain changes have been made to prior year accounting data to reflect corporate actions completed in the current fiscal year.

## **Income (Loss) Per Share**

In accordance with SFAS No. 128, "Earnings Per Share", the basic net loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted net loss per common share is computed similar to basic net loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of the date of these financial statements, diluted net loss per share is equivalent to basic net loss per share as there were no dilutive securities outstanding and the Company net loss is deemed anti-dilutive.

## **Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions which at times may exceed the FDIC \$250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependant on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required. Accounts are "written-off" when deemed uncollectible.

## **New Accounting Pronouncements**

None that are applicable in fiscal year 2012 to company operations.

## **Issuance of Shares for Services**

Valuation of shares for services and other acquired assets were based on the fair market value of services received. For the year ended June 30, 2013 there were 0 restricted common shares issued with a value of \$0.00 for services. 400 Series A Preferred Shares were issued for services with a value of \$40,000.

## **NOTE 2: RELATED PARTY TRANSACTIONS**

Certain stockholders had made certain advances to the Company on an interest free basis, payable upon demand. The Company has computed interest on the advances at 6% and has treated the interest of \$0 as contributed capital with an offset to interest expense.

During the year ended June 30, 2013, the officer paid expenses on the Company's behalf and advanced the Company \$2,542.

During the year ended June 30, 2013, Stephen Bracciale loaned the company \$30,128.

## **NOTE 3: Non-Cash Transactions**

The following non-cash investing and financing activities occurred during the period from July 1, 2012 through June 30, 2013:

None.

## **NOTE 4: Management's discussion and analysis or plan of operations**

### **A. Plan of Operation**

(i) We cannot satisfy our existing cash needs and will need to raise additional capital during the next twelve months.

(ii) The Company currently has no revenue from its product sales and is seeking capitalization for the acquisition, lease of equipment and plant, the acquisition of new products or product marketing agreements or the expansion of our developing divisions.

(iii) We expect to purchase additional plant or equipment through the acquisition of additional subsidiaries.

(iv) We expect to hire additional full time staff with the increase in sales or as required by acquisitions.

### **B. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

#### **1. Interim period**

(i) The accompanying financial statements represent accurately the condition of the business showing a trend of \$0. We expect the sales to improve with the completion of acquisitions in the next calendar quarter.

(ii) The Company does not have sufficient working capital and has been subsidized by shareholder loans. Should the shareholders fail to continue loaning capital there is substantial doubt about our ability to continue as a going concern.

(iii) We have commitments for capital expenditures and are seeking investment funds for such expenditures.

(iv) No known trends that are expected that haven't already impacted us.

(v) All significant elements of income or loss come from our continued operations.

(vi) The company has substantially increased its expenses to prepare for its acquisitions, adding management costs and other expenses in the year ended June 30, 2013 from the same period in 2012.

(vii) Our products are not seasonal

(vii) All assets of the Company from its prior businesses as licenses from Bulovatech Labs, Inc. have been removed from the Balance Sheet as they are obsolete or have not been located. The Company has no intention of doing any business with those assets if located except for their sale, if they have any value.

#### C. Off Balance Sheet Arrangements

None known or anticipated.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern no adjustments have been made for any other outcome.

We are currently seeking financing to continue our businesses. As of the date of these financial statements we have not been successful in finding financing. There is no assurance that we will find financing to continue our projects.

### **ITEM 6. Describe the Issuer's Business, Products and Services**

#### **A. a description of the issuer's business operations;**

The company has a licensing agreement to recycle fiberglass waste for the Mid-Atlantic states using a patented process for reducing the waste to useable form. Additional agreements provide for providing services to the licensor at all of their inventory or manufacturing sites in the U.S.

We are searching for sites and partners to develop manufacturing of end user products from fiberglass and other waste streams. These products will be marketed through and in conjunction with the machine license agreement. marketable products are in development for using the plastics, fiberglass and composite waste streams that do not require the utilization of the licensed machine.

**B. Date and State (or Jurisdiction) of Incorporation;**

July 30, 1999 Nevada

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

9999 - Unclassifiable There are no SIC codes for providing services to the fiberglass recycling industry

**D. the issuer's year end date;**

June 30

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

The initial product is recycled fiberglass "fluff" being tested and utilized to make products for lawn and garden supplies, planks for multiple uses such as seawalls, picnic tables, and decking systems. Other products include bumper blocks, security barriers and fence posts.

The markets for these products are wide ranging. The recycled fluff can be used in recycled products made from plastics and composites.

Our manufactured line of end user products can be utilized by states, counties and municipal governments in parks, offices and as security tools. The commercial lines can be sold through lawn and garden centers, hardware stores, home improvement stores, , farm and home outlets, landscape supply, and pool and patio outlets. Commercial buildings and building developers can use the products for security, landscaping and in certain instances for structural needs.

**ITEM 7. Describe the issuer's facilities**

Leased virtual office space with board room and other office facilities in Washington DC

**ITEM 8. Officers, Directors, and Control Persons.**

**A. Names of Officers, Directors, and Control Persons**

Terry Tyree, President and Board Member

Mr. Tyree has managed several large development projects for various companies with an emphasis on structural, organizational and daily management of operations plus product marketing.

Mario Faraone, Secretary and Chairman of the Board of Directors, Control Person

Mr. Faraone holds a Bachelor of Science degree in Finance. He has been active in various finance and financial collection product developments since 2003. He has been instrumental in the development of Skip Trace (creator) and default entitlement profiles in the mortgage industry. He has also been the business

coordinator for various major projects such as upgrades to mainframe programming, dialer and telephony profiles.

Karen Bybee, Director

Ms. Bybee holds Bachelor of Science degrees in Microbiology and Business Management and has been active in the fiberglass industry and related resin utilization for several years. She has been instrumental in producing fiberglass formulations for use in boat and trailer manufacturing.

She brings the company a unique ability to deal with product engineers from the various fiberglass manufacturers and other fiberglass end-users in order to create marketable products from their waste.

## **B. Legal proceedings.**

### Legal/Disciplinary History

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding;
2. The entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction, that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

## **C. Beneficial Shareholders**

### **Common Stock**

Gallant Acquisition Corp. 67.1% of outstanding common stock

Mario Faraone 100% owner

Wyoming Registered Agent. com, Inc.

1621 Central Ave

Cheyenne, WY 82001

**Preferred Series A**

Gallant Acquisitions Corp. 99.9% of the outstanding Series A Preferred stock  
Same as above

**Preferred Series B**

Gallant Acquisitions Corp. 25.3% of the outstanding Series B Preferred Stock  
Same as above

SS Realty LLC 70.2% of the outstanding Series B Preferred Stock  
Stephen Bracciale 100% owner  
Stephen Bracciale, agent  
8402 Laurel Fair Circle  
Suite 207  
Tampa, FL 33610

**Item 9. Third Party Providers**

None.

**Item 10. Issuer Certification**

I, Terry Tyree, certify that:

1. I have reviewed this Annual Report of Virtual Sourcing, Inc. for the year ended June 30, 2013;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

July 15, 2013

/s/ Terry Tyree

Terry Tyree  
President, Board Member and Chief Financial Officer