

MICROHOLDINGS US, INC

FINANCIAL STATEMENTS
for the year ended December 31, 2010

ANNUAL REPORT
Commission File No. 021-107104
OKLAHOMA
(State or Other Jurisdiction of
Incorporation or organization)

MICROHOLDINGS US, INC

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MICROHOLDINGS US, INC.
BALANCE SHEET

	December 31, 2010 (UNAUDITED)	December 31, 2009 (UNAUDITED)
ASSETS		
Current Assets		
Cash	\$ 43,228	\$ 240
Other current assets	0	0
Total current assets	43,228	240
Other assets	0	0
TOTAL ASSETS	\$ 43,228	\$ 240
LIABILITIES AND STOCKHOLDERS' DEFICIT		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 130,146	\$ 73,948
Accrued Interest on Convertible Debt	46,729	25,974
Notes payable, net	230,971	230,971
Other Accrued payables	5,775	(9,818)
Derivative liability	961,637	573,601
Total current liabilities	1,375,258	894,675
Other long term liabilities	0	0
Total long term liabilities	0	0
TOTAL LIABILITIES	1,375,258	894,675
Commitment & Contingency	0	0
STOCKHOLDERS' DEFICIT		
Series A convertible preferred stock, \$0.00001 per share, 400,000 shares authorized; 400,000 and 400,000 shares issued and outstanding	4	4
Series B convertible and Voting Preferred Stock, par value \$0.0001 per share; 4,000,000 shares authorized; 4,000,000 and 4,000,000 shares issued and outstanding	40	40
Series C convertible preferred stock, par value \$0.0001 per share, 600,000 shares authorized; 600,000 and 600,000 shares issued and outstanding	6	6
Common stock; \$0.0001 par value; 1,900,000,000 shares authorized; 109,927,803 and 59,927,803 issued and outstanding	2,429	624
Additional paid-in-capital	14,001,861	13,953,666
Accumulated deficit	(15,336,370)	(14,848,775)
TOTAL STOCKHOLDER'S DEFICIT	(1,332,030)	(894,435)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	\$ 43,228	\$ 240

See accompanying notes to financial statements

MICROHOLDINGS US, INC.
STATEMENT OF OPERATIONS

	Three Months Ended December 31		Tweleve Months Ended December 31	
	2010 (UNAUDITED)	2009 (UNAUDITED)	2010 (UNAUDITED)	2009 (UNAUDITED)
REVENUES	\$ 60	\$ 120	\$ 850	\$ 120
Cost of goods sold	0	0	0	0
Gross profit	60	120	850	120
EXPENSES				
Selling, general and administrative	34,149	42,905	100,409	589,268
Stock based compensation	0	0	0	0
TOTAL OPERATING EXPENSES	34,149	42,905	100,409	589,268
OPERATING INCOME (LOSS)	(34,089)	(42,785)	(99,559)	(589,148)
OTHER INCOME (EXPENSE)				
Interest expense				
Gain on extinguishment of debt				
Change in fair value of derivative liability	(502,691)	37,979	(388,036)	384,661
Other income	0	0	0	0
TOTAL OTHER INCOME/(EXPENSE)	(502,691)	37,979	(388,036)	384,661
INCOME (LOSS) FROM CONTINUING OPERATIONS	(536,780)	(4,806)	(388,036)	(204,487)
DISCONTINUED OPERATIONS				
Income (loss) from discontinued operations	0	0	0	0
Income (loss) on disposal of assets	0	0	0	0
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	0	0	0	0
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	(536,780)	(4,806)	(487,595)	(204,487)
OTHER COMPREHENSIVE INCOME				
Foreign Currency translation	0	0	0	0
COMPREHENSIVE INCOME (LOSS)	\$ (536,780)	\$ (4,806)	\$ (487,595)	\$ (204,487)
NET INCOME (LOSS) PER COMMON SHARE - BASIC AND DILUTED				
Continuing operations	0.00	0.00	0.00	0.00
Discontinued operations	0.00	0.00	0.00	0.00
Net income (loss) per common share	0.00	0.00	0.00	0.00
Weighted average number of shares outstanding:				
Basic and diluted	0	n/a	.00201 / .00173	n/a

See accompanying notes to financial statements

MICROHOLDINGS US, INC.
STATEMENT OF CASH FLOWS

	Twelve Months Ended	
	December 31	
	2010	2009
	(UNAUDITED)	(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations	\$ (487,595)	\$ (204,487)
Adjustments to reconcile net income to net cash provided by operating activities	0	0
Notes issued for expenses	0	0
Gain on extinguishment of debt	0	0
Interest expense associated with beneficial conversion feature	0	0
Change in fair value of derivative liability	(388,036)	384,661
Common stock issued to third parties for services	0	0
Common stock issued for interest payment on debt	0	0
Changes in assets and liabilities		
Accounts payable and accrued expenses	480,582	(225,825)
Net cash provided (used) in continuing operations	(395,049)	(45,651)
Net income (loss) from discontinued operations	0	0
Net cash provided (used) in operating activities	(395,049)	(45,651)
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash provided (used) to continuing operations	0	0
Net cash provided (used) by discontinued operations	0	0
Net cash provided (used) by investing activities	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from related party notes payable	0	
Proceeds from shareholder party notes payable	0	0
Proceeds from capital infusion	0	0
Proceeds from notes payable	0	0
Proceeds from issuance of Common Stock	45,000	0
Repayment of notes payable	0	0
Net cash provided (used) by continuing operations	45,000	0
Net cash provided (used) in discontinued operations	0	0
Net cash provided (used) by financing activities	45,000	0
Effect of exchange rate changes on cash		
Cash and cash equivalents:		
Increase (decrease) in cash	42,987	(312)
Cash, beginning of period	240	552
Cash of continuing operations, end of period	\$43,228	\$240
Cash of discontinued operations, beginning of period	0	0
Less cash of discontinued operations, end of period	0	0
Cash of discontinued operations, end of period	\$0	\$0
Cash, end of period	\$43,228	\$240
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest & taxes		
Non-cash financing and investing activities: None		

See accompanying notes to financial statements

MICROHOLDINGS US, INC
STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock A	Preferred Stock B	Preferred Stock C	Common Stock	Paid-in Capital	Accumulated Deficit	Total
	Shares	Shares	Shares	Shares			
	Amount	Amount	Amount	Amount			
Balance December 31, 2009 (Unaudited)	400,000	4,000,000	600,000	59,927,803	\$13,953,666	(\$14,848,775)	(\$894,460)
2010 (Unaudited)							
Issuance of control block of common stock (RES)				50,000,000	(\$500)		\$0
Issued for Corporate Director's Incentive (RES)				90,000,000	(\$900)		\$0
Issued for EMS Consulting Services (RES)				30,000,000	(\$300)		\$0
Stock issued for Investor Relation Services				5,000,000	\$4,950		\$5,000
Stock issued for Acquisition of Racers Edge				5,000,000	(\$50)		\$0
Stock issued under PPM				3,000,000	\$44,970	(\$487,595)	\$45,000
Net Income							(\$487,595)
Balance, September 30, 2010	400,000	4,000,000	600,000	242,927,803	\$14,001,836	(\$15,336,370)	(\$1,332,055)

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

MicroHoldings US, Inc. (OTC: MCHU) (the "Company") is committed to investing and diversifying a portfolio of companies with synergistic business opportunities that will allow us to grow exponentially.

Basis of Presentation

The accompanying unaudited year-end financial statements of MicroHoldings have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the year-end have been reflected herein.

Basic and Diluted Net Loss per Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the year ended December, 2010, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

NOTE 2 – MATERIAL EVENTS

In December, 2010 the Company signed a letter of intent to acquire "The Racer's Edge", a Texas LLC that sells holographic pain and performance chips. Also in December, 2010, the company signed a letter of intent to acquire "ConnectIT Networks", a managed network service provider located in Washington State. Both acquisitions completed on January 1, 2011.

On January 14, 2011 The Company established The Racers Edge as a Nevada corporation and dissolved the Texas LLC. All assets of the LLC where moved into the Nevada Corporation.

NOTE 3 - GOING CONCERN

As shown in the accompanying financial statements, for the year ended December 31, 2010, MicroHoldings incurred net loss from continuing operations in the amount of \$(487,595) and

has an accumulated deficit of \$15,336,370 and a working capital deficit of \$1,332,030 as of December 31, 2010. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. Management's plans to support the Company's operations include increasing revenues, cutting overhead costs, borrowing additional funds and raising additional capital. The Company's inability to obtain additional capital or obtain such capital on favorable terms could have a material adverse effect on its consolidated financial position, results of operations and its ability to continue operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 - NOTES PAYABLE

As of the year ended December 31, 2010, the Company has fifteen notes which may be converted into shares of the Company's common stock based on 33% to 60% of the average of the lowest three to five closing bid prices in the past five to twenty trading days immediately preceding the conversion as long as such conversions do not exceed 4.99% of the then-outstanding common stock of the Company. In relation to the convertible feature of these notes, a debt discount totaling \$215,959 was calculated in accordance with EITF 00-27 and has been completely amortized as of June 30, 2010.

The embedded conversion option is also accounted for under EITF 00-19 and we have accounted for the embedded conversion option as a derivative liability. Accordingly, the embedded conversion option is marked to market through earnings at the end of each reporting period. The conversion option is valued using the Black-Scholes valuation model and totaled \$961,637 as of December 31, 2010. As of December 31, 2010, the balances of the notes totaled \$230,971. The entire balances of the notes are due within the year.

As of the year ended December 31, 2010, the Company owes a related party \$5,775 without interest.

NOTE 5 - STOCK HOLDER'S EQUITY

The company issued 183,000,000 shares of common stock for year ended December 31, 2010. All of these shares were restricted shares. 50,000,000 shares were issued as a control block in June, 2010. 90,000,000 shares were issued to corporate directors as incentive in October, 2010. 30,000,000 shares were issued for management consulting services in October, 2010. 5,000,000 shares were issued for investor relation services in December, 2010. 5,000,000 shares were issued according to the LOI for the acquisition of "The Racer's Edge" in December, 2010. 2,000,000 shares were issued under the terms of a Private Placement Memorandum in December, 2010.

NOTE 6 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, The President and CEO lent the Company \$2,100 in exchange for promissory notes in the same amount.

NOTE 7 - SUBSEQUENT EVENTS

The acquisition of “The Racer’s Edge” was completed on January 1, 2011.

The acquisition of “ConnectIT Networks” was completed on January 1, 2011.

~ END OF REPORT ~