BENEFICIAL HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011
AND FOR THE YEARS THEN ENDED

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Beneficial Holdings, Inc.
Las Vegas, NV

We have audited the accompanying balance sheets of Beneficial Holdings, Inc. as of December 31, 2012 and 2011, and the related statements of operations, change in stockholders' equity (deficit), and cash flows for each of the years then ended and for the period from May 5, 2009 (Re-entrance to development stage) to December 31, 2012. Beneficial Holdings, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beneficial Holdings, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years then ended and for the period from May 5, 2009 (Re-entrance to development stage) to December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Beneficial Holdings, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, Beneficial Holdings, Inc. has suffered recurring losses from operations and has a working capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 9 to the financial statements, the Company has restated its financial statements as of December 31, 2011 and for the then year ended.

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Houston, Texas
April 4, 2013

BENEFICIAL HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

	December 31, 2012	December 31, 2011 (Restated)
ASSETS		
Cash	$ 193	$ 2,409
Investment in unconsolidated affiliate, net of impairment of $160,013	-	-
Total assets	**$ 193**	**$ 2,409**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accrued liabilities	$ 531,680	$ -
Note payable, related party	2,825	-
Total liabilities	534,505	-
Commitments and contingencies		
Stockholders' equity (deficit)		
Series B preferred stock, par value $0.000001; 2,000,000 shares authorized; 2,000,000 shares issued and outstanding	20	20
Common stock, par value $0.000001; 8,500,000,000 and 2,800,000,000 shares authorized: 4,099,999,952 and 1,895,623,952 shares issued and outstanding	4,100	1,896
Additional paid-in capital	4,037,837	3,643,603
Accumulated deficit	(2,080,891)	(2,080,891)
Deficit accumulated during the development stage	(2,495,378)	(1,562,219)
Total stockholders' equity (deficit)	(534,312)	2,409
Total liabilities and stockholders' equity (deficit)	**$ 193**	**$ 2,409**

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

BENEFICIAL HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31, 2012	YEARS ENDED DECEMBER 31, 2011 (Restated)	May 5, 2009 (Re-entrance of development stage) through December 31, 2012
Operating expenses:			
General and administrative expense	$ 932,699	$ 592,435	$ 2,319,629
Impairment of investment in unconsolidated affiliate	460	23,319	160,013
Total operating expenses	933,159	615,754	2,434,642
Other (income) expense:			
Interest expense	-	212	15,736
Total other expenses	-	212	15,736
Net Loss	**$ (933,159)**	**$ (615,966)**	**$ (2,495,378)**
Net loss per common share - Basic and diluted	**$ (0.00)**	**$ (0.00)**	
Weighted average common shares outstanding – Basic and diluted	**3,507,681,223**	**1,091,604,586**	

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

BENEFICIAL HOLDINGS, INC.

(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Series B Preferred Stock		Common Stock		Additional Paid -In Capital	Accumulated Deficit	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
May 5, 2009 (Re-entrance of development stage)	-	$ -	694,856,435	$ 695	$2,080,196	$ (2,080,891)	$ -	$ -
Issuance of common stock for services	-	-	166,110,000	166	512,885	-	-	513,051
Net loss	-	-	-	-	-		(558,919)	(558,919)
Balance at December 31, 2009	-	-	860,966,435	861	2,593,081	(2,080,891)	(558,919)	(45,868)
Cancellation of stock	-	-	(290,000,000)	(290)	290	-	-	-
Issuance of common stock for services	-	-	246,554,644	247	231,416	-	-	231,663
Conversion of notes payable and accrued interest	-	-	78,472,619	79	212,220	-	-	212,299
Net loss	-	-	-	-	-	-	(387,334)	(387,334)
Balance at December 31, 2010	-	-	895,993,698	897	3,037,007	(2,080,891)	(946,253)	10,760
Issuance of common stock for services	-	-	1,096,339,527	1,096	580,598	-	-	581,694
Conversion of notes payable and accrued interest	-	-	39,290,727	39	25,862	-	-	25,901
Cancellation of stock	-	-	(136,000,000)	(136)	136	-	-	-
Issuance of Series B Preferred Stock	2,000,000	20	-	-	-	-	-	20
Net loss	-	-	-	-	-	-	(615,966)	(615,966)
Balance at December 31, 2011 (Restated)	2,000,000	20	1,895,623,952	1,896	3,643,603	(2,080,891)	(1,562,219)	2,409
Issuance of common stock for expense reimbursement	-	-	300,000,000	300	59,700	-	-	60,000
Issuance of common stock for services	-	-	1,904,376,000	1,904	332,534	-	-	334,438
Warrant expense	-	-	-	-	2,000	-	-	2,000
Net loss	-	-	-	-	-	-	(933,159)	(933,159)
Balance at December 31, 2012	2,000,000	$ 20	4,099,999,952	$ 4,100	$4,037,837	$ (2,080,891)	$ (2,495,378)	$ (534,312)

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

BENEFICIAL HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2012	Years Ended December 31, 2011	May 5, 2009 (Re-entrance of development stage) through December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (933,159)	$ (615,966)	$ (2,495,378)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	396,438	581,694	1,722,846
Impairment of investment in unconsolidated affiliate	460	23,319	160,013
Common stock issued for interest expense	-	212	15,736
Changes in operating assets and liabilities:			
Increase in accrued liabilities	531,680	-	531,680
Net cash used in operating activities	(4,581)	(10,741)	(65,103)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in unconsolidated affiliate	(460)	(23,319)	(160,013)
Net cash used in investing activities	(460)	(23,319)	(160,013)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from note payable, related party	2,825	-	2,825
Proceeds from convertible note payable, related party	-	9,100	222,464
Issuance of Series B preferred stock	-	20	20
Net cash provided by financing activities	2,825	9,120	225,309
Net change in cash	(2,216)	(24,940)	193
Cash, beginning of period	2,409	27,349	-
Cash, end of period	**$ 193**	**$ 2,409**	**$ 193**
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -
Non-cash investing and financing activities:			
Common stock issued for conversion of debt	$ -	$ 25,901	$ 238,200
Cancellation of common stock	$ -	$ 136	$ 426

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

BENEFICIAL HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND BUSINESS

Beneficial Holdings, Inc., a Nevada Corporation, (the "Company") was incorporated on December 20, 1990. Since its formation, the Company has been engaged in several lines of business. The Company became inactive in 2004. In May 2009, a private investor group ("Old Private Investor") acquired control of the Company and installed a management team ("Old Management") which sought opportunities in the gaming and hospitality sectors. As a result of these efforts the Company invested in a non-controlling interest in a foreign company engaged in gaming and hospitality.

In April 2012, a new private investor group ("New Private Investor") acquired control of the Company from Old Private Investor and installed new management ("New Management"). Effective June 30, 2012, New Management concluded the activities of Old Management and disposed of all assets previously acquired by the Company.

Currently the Company operates in the real estate services sector and seeks to acquire and invest in service oriented businesses in the real estate, financial services and energy management sectors. It is expected that such operations will have a significant portion of their activities in the United States of America.

The Company's common stock is quoted on the OTC Pink Market under the symbol "BFHJ."

Development stage activities
The Company re-entered the development stage on May 5, 2009. From inception to May 5, 2009, the Company had an accumulated deficit of $2,080,891.

Basis of presentation and going concern uncertainty
The accompanying financial statements have been prepared in conformity with GAAP, which contemplates continuation of the Company as a going concern, dependent upon the Company's ability, among other matters, to establish itself as a profitable business. From May 5, 2009 (Re-entrance of development stage) to December 31, 2012, the Company had an accumulated deficit of $2,495,378 and for the years ended December 31, 2012 and 2011 the Company incurred losses of $933,159 and $615,966, respectively.

The Company plans to raise cash from public or private debt or equity financing, on an as needed basis and in the longer term, revenues from operations. The Company's ability to continue as a going concern is dependent upon obtaining sufficient financing and attaining profitable operations. However, there can be no assurance that management will be successful in obtaining additional funding or in attaining profitable operations, and therefore, these matters raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of these uncertainties, nor do they include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Cash and Cash Equivalents
The Company considers amounts held by financial institutions and short-term investments with an original maturity of 90 days or less to be cash and cash equivalents. The Company had no interest-bearing amounts on deposit in excess of federally insured limits at December 31, 2012 and 2011.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Variable Interest Entity Accounting
The determination of the appropriate accounting method with respect to the Company's *Variable Interest Entity* (*"*VIE") is based on a primarily qualitative approach focused on identifying which reporting entity has both (1) the power to direct the activities of a variable interest entity that most significantly impact such entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity. The entity which satisfies these criteria is deemed to be the primary beneficiary of the VIE.

The Company analyzes its interests in VIEs to determine if it is the primary beneficiary. The Company considers a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE's economic performance including, but not limited to, (a) control of the subsidiary board of directors (b) sign and enter into agreements to operate the business; set, distribute, and implement the capital budgets, the authority to refinance or sell subsidiary assets and, (c) liability for actions of the subsidiary and (d) a necessity of funding any deficit cash flows.

The Company consolidates any VIE of which it is the primary beneficiary. The Company determines whether an entity is a VIE and, if so, whether it should be consolidated by utilizing judgments and estimates that are inherently subjective. If the Company made different judgments or utilized different estimates in these evaluations, it could result in differing conclusions as to whether or not an entity is a VIE and whether or not to consolidate such entity. The Company has no VIEs of which it is the primary beneficiary as of December 31, 2012 and 2011.

Fair value of financial instruments
In accordance with the reporting requirements of ASC Topic 825, *Financial Instruments*, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments under this standard and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the financial statements. An impairment analysis will be made of all assets using fair value measurements on an annual basis.

Fair value measurements
ASC Topic 820, *Fair Value Measurements and Disclosures* , defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time. Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the financial statements.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related 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 when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. The Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision.

Earnings Per Share
Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares outstanding plus all potentially dilutive common shares outstanding during the period. As of December 31, 2012 and 2011, potentially dilutive common shares consist of options to purchase 10,000,000 and zero shares of the Company's common shares, respectively. Potentially dilutive common shares also include 2,000,000 shares of Series B Preferred Stock convertible to 4,267,346,889 and 1,972,996,358 shares of common stock at December 31, 2012 and 2011, respectively, The options and preferred stock were excluded from the calculation of the diluted EPS as their inclusion would have been anti-dilutive.

Stock Based Compensation
The Company recognizes compensation expense for all share-based payments granted based on the grant date fair value estimated. Compensation expense is generally recognized on a straight-line basis over the employee's requisite service period based on the award's estimated lives for fixed awards with ratable vesting provisions.

Use of Estimates
The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. Management evaluates estimates, including those related to contingencies, on an ongoing basis. Estimates are based upon historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Subsequent events
The Company's management reviewed all material events from December 31, 2012 through the issuance date of this report for disclosure consideration.

Recently Issued and Newly Adopted Accounting Pronouncements
During the year ended December 31, 2012, there were several new accounting pronouncements issued by the FASB. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

NOTE 3 – INVESTMENT IN UNCONSOLIDATED AFFILIATE

On June 23, 2009, the Company acquired a 97% non-controlling interest in Grupo Beneficial, SA, a foreign company engaged in gaming and hospitality activities (the "Foreign Subsidiary"). The terms of the shareholder's agreement related to this acquisition precluded the Company from exercising control over the day to day activities and capital transactions of the Foreign Subsidiary. The Foreign Subsidiary was not required to provide financial data to the Company. The Foreign Subsidiary indemnified the Company from any losses associated with its operations and actions. The Company was not obligated to fund any capital to the Foreign Subsidiary.

The Company has determined that the Foreign Subsidiary is a variable interest entity and has determined that the Company is not the primary beneficiary due to the fact that the Company (1) exercised no control over the operations of Foreign Subsidiary; (2) was not the beneficiary of any of the income or gains of the Foreign Subsidiary; (3) was not responsible for any losses or deficits of the Foreign Subsidiary; (4) was not obligated to support the capital structure of the Foreign Subsidiary; (5) was fully indemnified against any loss resultant from the acts or operations of the Foreign Subsidiary. The Company determined that its investment in Foreign Subsidiary was impaired as of June 30, 2012 (date of sale of Foreign Subsidiary) and December 31, 2011 and recorded impairment of $460 and $23,319 for the years ended December 31, 2012 and 2011, respectively.

New Management concluded the activities of Old Management subsequent to April 2012 and sold the Company's non- controlling interest in Foreign Subsidiary effective June 30, 2012. The sale price of the Company's 97% interest was $400,000. The Company received a note for the balance of the sale price. No cash has been received by the Company in conjunction with the sale. Collectability of the note is not assured, accordingly, the balance of the note and all interest thereon has not been recorded in the financial statements for the year ended December 31, 2012. No gain was recorded on the sale.

NOTE 4 – NOTES PAYABLE, RELATED PARTY

At December 31, 2012 the Company entered into a line of credit arrangement with an affiliate of New Management (the "Credit Agreement"). The Credit Agreement allows the Company to borrow up to $25,000 through December 31, 2013 when the Credit Agreement matures and is due and payable. The Credit Agreement bears interest at a rate of 12% per annum, compounded monthly. Substantially all of the Company's assets are pledged to secure borrowings under the Credit Agreement. A total of $2,825 was advanced under the Credit Agreement as of December 31, 2012.

NOTE 5 – CONVERTIBLE NOTE PAYABLE

Upon recommencing developmental stage operations in May 2009, Old Private Investor funded the operations of the Company through a $250,000, ten percent (10%) convertible note ("Convertible Note") dated June 2, 2009. Interest under the Convertible Note accrued and accumulated as additional amounts were advanced.

All or part of the Convertible Note (inclusive of accrued interest) is convertible into shares of the Company's common stock at 70% of the lowest trade price of the Company's common stock on the prior business day of the conversion date.

From May 2009 through December 31, 2011, the Company borrowed $222,464 under the Convertible Note and accrued interest expense of $15,736 on the outstanding balances of the Convertible Note. From time to time in various transactions through December 31, 2011, Old Private Investor converted all of the outstanding note balance and accrued interest to common shares of the Company totaling 117,763,346 shares. No amount was withdrawn under the Convertible Note in 2012.

NOTE 5 – CONVERTIBLE NOTE PAYABLE (Continued)

On October 20, 2010, the Company entered into an additional agreement (the "Additional CNF") with Old Private Investor for additional funding of $80,644. No amounts have been funded under this facility. The Convertible Note and Additional CNF were terminated in 2012 when the New Private Investor obtained control of the Company.

NOTE 6 – EQUITY

Preferred Stock
The Company is authorized to issue up to 2,000,000 shares of $0.000001 par value Preferred Stock with designations, rights and preferences determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the Common Stock. In the event of issuance, the Preferred Stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. If the Company issues shares of Preferred Stock and it is subsequently liquidated or dissolved, the preferred shareholders may have preferential rights to receive a liquidating distribution for their shares prior to any distribution to common shareholders.

In December 2011, the Company issued 2,000,000 shares of Preferred Stock to an affiliate of Old Private Investor ("Series B Preferred Stock"). The Board of Directors of the Company determined that the Series B Preferred Stock shall at all times have voting rights equal to 2,000,000,000 shares of the Company's common stock. Additionally, the Series B Preferred Stock is at all times convertible into 2,000,000,000 shares of the Company's common stock ("Conversion Amount"). The Conversion Amount shall be adjusted for any issuance of common stock by the Company subsequent to the date of issuance such that the adjusted Conversion Amount shall at all times be no less than 51% of the aggregate amount of outstanding common stock, inclusive of the common shares to be issued to the Series B Preferred Stock, assuming all the Series B Preferred Stock is converted.

In April 2012, New Private Investor acquired control of the Company by purchasing all of the outstanding 2,000,000 shares of the Company's Series B Preferred Stock. At December 31, 2012 the Series B Convertible Preferred Stock is convertible into and has the voting power of 4,267,346,889 common shares.

Common Stock
On April 2, 2013, the Company increased its authorized shares to 8,500,000,000 shares.

From May 5, 2009 (re-entrance of development stage) through December 31, 2010, the Company issued 412,664,644 shares of common stock, valued at $744,714, for services, and 78,472,619 shares of common stock for conversion of convertible note payable to affiliates of Old Private Investor and accrued interest with a total of $212,299. From May 5, 2009 (re-entrance of development stage) through December 31, 2010, an affiliate of the Old Private Investor returned 290,000,000 shares of the Company's common stock for cancellation.

On May 8, 2012, the Company issued 300,000,000 shares of common stock to New Private Investor to reimburse expenses of $15,000. Those shares were valued at $60,000 based on the quoted market price on the issuance date. The Company recorded compensation expense of $45,000 related to the issuance.

During the year ended December 31, 2012, the Company issued 1,904,376,000 shares of common stock, valued at $334,438 to affiliates of Old Private Investor for services.

During the year ended December 31, 2011, the Company issued 1,096,339,527 shares of common stock, valued at $581,694 to affiliates of Old Private Investor for services and 39,290,727 shares of common stock for conversion of convertible note payable to Old Private Investor and accrued interest with a total of $25,901.

NOTE 6 – EQUITY (Continued)

During the year ended December 31, 2011, an affiliate of Old Private Investor returned 136,000,000 shares of the Company's common stock for cancellation.

Options/Warrants
In April 2012, the Company granted the Company's Chief Executive Officer an option to acquire up to 10,000,000 shares of the Company's common stock for $0.03 per share for 15 years. The amount of shares issuable under this agreement (and the strike price per share) are adjustable for stock splits and dividends but are not adjusted for any reverse stock splits or share buy backs by the Company. The option was vested on the grant date and was valued at $2,000 calculated using the Black-Scholes option-pricing model. Variables used in the Black-Scholes option-pricing model include (1) discount rate of 2.47% (2) option life of 15 years, (3) expected volatility of 343.73% and (4) zero expected dividends.

NOTE 7 – INCOME TAXES

The Company had federal net operating tax loss carry-forwards ("NOL") of approximately $756,796 as of December 31, 2012. The NOL is available to offset future taxable income and begins to expire in 2030. Under Section 382 of the Internal Revenue Code, the NOL will be limited as a result of a change in control.
The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As of December 31, 2012 and 2011, the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

For the years ended December 31, 2012 and 2011, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three year statute of limitations by major tax jurisdictions.

NOTE 8 – RELATED PARTY TRANSACTIONS

Old Private Investor (the holder of the Convertible Note) funded $222,464 to the Company from May 5, 2009 through December 31, 2012, principally for the Company's non-controlling investment in Foreign Subsidiary. The Company recorded interest expense of $15,736 related to the Convertible Note from May 5, 2009 through December 31, 2012. During the period from May 5, 2009 to December 31, 2011, old Private Investor converted the entire balance of the Convertible Note (and the accrued interest thereon) into 117,763,346 shares of common stock in full payment of the Convertible Note.

During the years ended December 31, 2012 and 2011, the Company issued 1,904,376,000 and 1,096,339,527, respectively, shares of common stock to affiliates of Old Private Investor, respectively, for services. As a result of those transactions, the Company recorded consulting expense of $334,438 and $581,694 for the years ended December 31, 2012 and 2011, respectively.

In May 2012, the Company issued an affiliate of New Private Investor 300,000,000 shares of common stock to reimburse expenses of $15,000 paid by the affiliate on behalf of the Company. The Company recorded compensation expense of $45,000 related to the issuance.

NOTE 8 – RELATED PARTY TRANSACTIONS (Continued)

At December 31, 2012, the Company entered into the Credit Agreement with an affiliate of the New Management. A total of $2,825 was advanced under the Credit Agreement as of December 31, 2012. Additionally, New Management has agreed to defer all amounts owed under the terms of an employment agreement with the Company until June 30, 2013. As of December 31, 2012, the Company has payable of $505,680 to its officer for compensation under this agreement.

NOTE 9 – RESTATEMENT

The financial statements presented have been restated mainly to correct the accounting for the Company's investment in the non-controlling interest in Grupo Beneficial SA that was previously incorrectly consolidated and other errors.

The impacts of the adjustments on the accompanying balance sheet at December 31, 2011 are as follows.

	As Originally Reported	Adjustments	As Restated
Cash	$ 139,640	$ (137,231)	$ 2,409
Short-term investments	54,500	(54,500)	-
Accounts receivable, net of allowance	14,905	(14,905)	-
Prepaid expenses	8,900	(8,900)	-
Fixed Assets, net of accumulated depreciation	1,191,968	(1,191,968)	-
Online gaming brands, net of accumulated amortization	1,116,050	(1,116,050)	-
Accounts payable and accrued liabilities	(23,569)	23,569	-
Short-term notes payable	(624,000)	624,000	-
Long-term loan payable	(370,499)	370,499	-
Series B preferred stock	(2)	(18)	(20)
Common stock	(1,899)	3	(1,896)
Additional paid-in capital	-	(3,643,603)	(3,643,603)
Accumulated deficit	-	2,080,891	2,080,891
Earnings (deficit) accumulated during development stage	(1,505,994)	3,068,213	1,562,219

The impacts of the adjustments on the accompanying consolidated income statements for the year ended December 31, 2011 are as follows.

	As Originally Reported	Adjustments	As Restated
Net Sales	$ 2,743,792	$ (2,743,792)	$ -
Operating expenses	(2,283,151)	1,667,397	(615,754)
Interest expense	-	(212)	(212)
Net income (loss)	460,641	(1,076,607)	(615,966)
Net income (loss) per share - basic and diluted	0.00		(0.00)