

PROGRESSIVE TRAINING, INC.
Form 10-Q
August 11, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended November 30, 2007

Transition Report pursuant to Section 13 or 15(d) of the Exchange Act for the Transition Period from _____ to _____

Commission File Number: 000-52684

PROGRESSIVE TRAINING, INC.
Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

32-0186005
(I.R.S. Employer Identification No.)

17337 Ventura Boulevard, Suite 305
Encino, California 91316
Issuer's Telephone Number: (818) 759-1876
(Address and phone number of principal executive offices)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

(Do not check if smaller reporting
company)

Indicate by check mark whether the issuer is a “shell company” as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes [] No [X]

As of August 9, 2010 the issuer had of 2,280,000 shares of common stock outstanding.

INDEX TO QUARTERLY REPORT

ON FORM 10-Q

PART I FINANCIAL INFORMATION		
Item 1	Condensed Balance Sheet November 30, 2007 (Unaudited)	4
	Condensed Statements of Operations (Unaudited) for the Three and Six Months Ended November 30, 2007 and 2006	5
	Condensed Statement of Shareholders Deficit(Unaudited) for the Six Months Ended November 30, 2007	6
	Condensed Statements of Cash Flows (Unaudited) for the Six Months Ended November 30, 2007 and 2006	7
	Notes to Condensed Financial Statements(Unaudited) for the Six Months Ended November 30, 2007	8
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3	Quantitative and Qualitative Disclosures About Market Risk	17
Item 4T	Controls and Procedures	17
PART II OTHER INFORMATION		
Item 1.	Legal Proceedings	18
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3.	Defaults upon Senior Securities	18
Item 4.	(Removed and Reserved)	18
Item 5.	Other Information	18
Item 6.	Exhibits	18
	Signatures	19

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

(Financial Statements Commence on Following Page)

3

PROGRESSIVE TRAINING, INC. (formerly Advanced Media Training, Inc.)

CONDENSED BALANCE SHEETS

	November 30, 2007 (Unaudited)	May 31, 2007 (Audited)
ASSETS		
Cash	\$--	\$12,058
Accounts receivable, net of allowance for doubtful accounts of \$21,872 and \$14,872, respectively	16,374	12,299
Property and equipment, net of accumulated depreciation of \$11,709	--	--
Accounts receivable, related party	31,990	35,790
Prepaid expenses and other assets	2,286	2,365
TOTAL ASSETS	\$50,650	\$62,512
LIABILITIES AND SHAREHOLDERS' DEFICIT		
LIABILITIES:		
Bank overdraft	\$916	\$--
Line of credit	35,878	35,000
Accounts payable and accrued expenses	83,265	81,020
Accrued interest due to shareholder	679	--
Note payable due to shareholder	36,468	--
Total liabilities	157,206	116,020
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' DEFICIT:		
Common stock, par value - \$.0001; 200,000,000 shares authorized; 2,280,000 shares issued and outstanding	228	228
Additional paid-in capital	1,344,712	1,323,912
Accumulated deficit	(1,451,496)	(1,377,648)
Total shareholders' deficit	(106,556)	(53,508)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$50,650	\$62,512

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC. (formerly Advanced Media Training, Inc.)

CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED
NOVEMBER 30, 2007 AND 2006 (UNAUDITED)

	THREE MONTHS		SIX MONTHS	
	2007	2006	2007	2006
REVENUES	\$46,870	\$110,213	\$128,100	\$205,431
COST OF REVENUES	14,603	25,594	29,960	41,102
GROSS PROFIT	32,267	84,619	98,140	164,329
EXPENSES:				
Selling and marketing	20,976	41,512	52,635	84,301
General and administrative	60,417	66,823	111,954	129,384
Research and development	3,000	-	4,151	-
Interest expense	1,482	19,963	2,448	36,911
Total expenses	85,875	128,298	171,188	250,596
LOSS BEFORE INCOME TAXES	(53,608)	(43,679)	(73,048)	(86,267)
INCOME TAXES	-	-	800	800
NET LOSS	\$(53,608)	\$(43,679)	\$(73,848)	\$(87,067)
BASIC AND DILUTED LOSS PER SHARE	\$(0.02)	\$(0.02)	\$(0.03)	\$(0.05)
WEIGHTED AVERAGE SHARES OUTSTANDING	2,280,000	1,750,000	2,280,000	1,750,000

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC. (formerly Advanced Media Training, Inc.)

CONDENSED STATEMENTS OF SHAREHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2007 (UNAUDITED)

	COMMON STOCK SHARES	COMMON STOCK AMOUNTS	COMMON STOCK SUBSCRIBED	ADDITIONAL PAID-IN CAPITAL	SHAREHOLDER (DEFICIT)	TOTAL
BALANCE, MAY 31, 2007	2,280,000	\$228	\$ --	\$ 1,323,912	\$ (1,377,648)	\$(53,508)
CONTRIBUTED CAPITAL	--	--	--	20,800	--	20,800
NET LOSS	--	--	--	--	(73,848)	(73,848)
BALANCE, NOVEMBER 30, 2007	2,280,000	\$228	\$ --	\$ 1,344,712	\$ (1,451,496)	\$(106,556)

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC. (formerly Advanced Media Training, Inc.)

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2007 AND 2006 (UNAUDITED)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(73,848)	\$(87,067)
Adjustments to reconcile net loss to net cash used by operating activities:		
Contribution of capital for services	20,800	20,800
Amortization of debt discount	--	32,909
Allowance for doubtful accounts	7,000	--
Changes in operating assets and liabilities:		
Accounts receivable	(11,075)	(22,914)
Accounts receivable, related party	3,800	--
Other assets	79	(1,087)
Accounts payable and accrued expenses	2,924	20,305
Deferred revenue	--	(4,024)
Net cash used by operating activities	(50,320)	(41,078)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank overdraft	916	(1,289)
Net borrowings (repayments) from (to) shareholder	36,468	16,765
Net borrowings (repayments) on line of credit	878	408
Net cash provided by financing activities	38,262	15,884
NET INCREASE IN CASH	(12,058)	(25,194)
CASH, BEGINNING OF YEAR	12,058	50,701
CASH, END OF YEAR	\$--	\$25,507
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$1,770	\$1,119
Cash paid for income taxes	\$--	\$800

See accompanying notes to financial statements

PROGRESSIVE TRAINING, INC. (formerly Advanced Media Training, Inc.)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BUSINESS BACKGROUND

Progressive Training, Inc. (formerly Advanced Media Training, Inc.; the "Company") was incorporated under this name in Delaware on October 31, 2006. The Company is engaged in the development, production and distribution of training and educational video products and services and has been in operation since March 2000. From August 10, 2004 through December 11, 2006 the business of the development, production and distribution of management and general workforce training videos was conducted under the name Advanced Media Training, Inc.

2. INTERIM CONDENSED FINANCIAL STATEMENTS

FISCAL PERIODS

The Company's fiscal year-end is May 31. References to a fiscal year refer to the calendar year in which such fiscal year ends.

PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements for the three and six months ended November 30, 2007 and 2006 have been prepared by the Company's management, without audit, in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, these interim condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise noted) necessary to present fairly the Company's financial position, results of operations and cash flows for the fiscal periods presented. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in these interim financial statements pursuant to the SEC's rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading. The financial position, results of operations and cash flows for the interim periods disclosed herein are not necessarily indicative of future financial results. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10K-SB (as amended) for the fiscal year ended May 31, 2007 which are included in this filing.

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 certain estimates and assumptions that affect the reported amounts and timing of revenue and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

RECLASSIFICATIONS

Certain amounts in the financial statements for the comparative prior fiscal periods have been reclassified to be consistent with the current fiscal period's presentation.

SIGNIFICANT CUSTOMERS

During the six months ended November 30, 2007 the Company had one customer that accounted for 14% of the Company's net sales. Two customers exceeded 10% of sales during the six months ended November 30, 2006, (13% and 17%). Foreign sales (primarily royalty income from Canada) amounted to \$28,605 and \$30,701 for the six ended November 30, 2007 and 2006, respectively.

NET LOSS PER SHARE

Basic and diluted net loss per share has been computed by dividing net loss by the weighted average number of common shares outstanding during the applicable fiscal periods. At November 30, 2007, the Company had no potentially dilutive shares.

3. COMMITMENTS AND CONTINGENCIES

The Company has agreements with companies to pay a royalty on sales of certain videos (co produced with these companies). The royalty is based on a specified formula, which averages approximately 35% of net amounts collected.

The Company leases its operating facility for \$2,364 per month in Encino, California under an operating lease which expires August 31, 2009. Rent expense was \$14,437 and \$13,977 for the six months ended November 30, 2007 and 2006 respectively.

4. LINE OF CREDIT

The Company has a revolving line of credit with a bank which permits borrowings up to \$40,000. The line is guaranteed by the Company's President. Interest is payable monthly at 2.22% above the bank's prime rate of interest (8.25% at May 31, 2007). The line is callable upon demand.

5. RELATED PARTY TRANSACTIONS

The Company has a consulting agreement with Howard Young, the son of Buddy Young (the Company's Chief Executive Officer) which provides a monthly fee of \$8,400 for administrative and sales consultation. The fee is allocated equally between General and Administrative and Selling and Marketing expense in the Statement of Operations for the six months ended November 30, 2007 and 2006. Total expense was \$50,400 and \$38,750 for the six months ended November 30, 2007 and 2006, respectively.

We have an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2008. The note is secured by all our right, title and interest in and to our video productions and projects, regardless of their state of production, including all related contracts, licenses, and accounts receivable. Any unpaid principal and interest under the Note will be due and payable on December 31, 2008. As of November 30, 2007, the Company has borrowed \$36,468 from Mr. Young.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this section together with our financial statements and related notes thereto included elsewhere in this report. In addition to the historical information contained herein, this report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. Certain statements contained in this Form 10-Q, including, without limitation, statements containing the words "believe," "anticipate," "estimate," "expect," "are of the opinion that" and words of similar import, constitute "forward-looking statements." You should not place any undue reliance on these forward-looking statements.

You should be aware that our results from operations could materially be effected by a number of factors, which include, but are not limited to the following: economic and business conditions specific to the management and general workforce training industry; competition and the pricing and of products offered by us and our competitors; changes in personnel training methods, i.e. a decision by companies to allocate more of their budgets to computer based training, rather than purchasing videos for training purposes; our ability to control costs and expenses, and access to capital. There may be other factors not mentioned above or included elsewhere in this report that may cause actual results to differ materially from any forward-looking information.

INTRODUCTION. As noted elsewhere in this report, the Company's principal customers are companies having 100 or more employees with an established training department. In many cases training departments are part of and supervised by the company's human resource department. In order to maintain our relationship with these customers, we must work closely with them to make sure that we are in a position to satisfy their training requirements. We strive to accomplish this by being up to date and knowledgeable about the content of the many videos currently available. This product awareness provides us the opportunity to assist the customer in quickly and accurately selecting videos that focus on subject matter that will fulfill their particular training needs.

We face competition from numerous other providers of training videos. We believe many of these competitors are larger and better capitalized than the Company. Additionally, if the Company is to grow its business by financing and producing additional training videos, it will require additional capital. To date our cash flow from operations has been minimal. Other than from operations and our line of credit, our only source of capital is an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2008. Repayment is to be made when funds are available with the balance of principal and interest due December 31, 2008. As of November 30, 2007, the Company has borrowed \$36,468 from Mr. Young. We expect that the cash flow from operations, together with the available funds under the above referenced agreement with our president will be sufficient to fulfill our capital requirements through fiscal 2008.

Our efforts during the next 12 months will mainly be focused on attempting to increase revenue by (a) seeking to retain additional free lance commissioned sales representatives, (b) improve the functionality of our website by adding features such as providing customers the ability to preview videos online, and by enhancing the website's search capabilities and user interface, and (c) by allocating a greater portion of available cash flow for both the emailing and direct mailing of marketing materials such as catalogues and notices of special discounts to our customers. Although the amount spent in these areas will vary depending on our cash flow, we anticipate spending during the next 12 months approximately \$20,000 on maintaining and improving our website, and approximately \$35,000 for the mailing of marketing materials as outlined above. During the year ended May 31, 2007 we spent approximately \$22,000 for

these purposes. During the six months ended November 30, 2007 we spent approximately \$4,900 for these purposes.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In consultation with our Board of Directors, we have identified two accounting policies that we believe are key to an understanding of our financial statements. These are important accounting policies that require management's most difficult, subjective judgments.

The first critical accounting policy relates to revenue recognition. We recognize revenue from product sales upon shipment to the customer. Rental income is recognized over the related period that the videos are rented. Based on the nature of our product, we do not accept returns. Damaged or defective product is replaced upon receipt. Such returns have been negligible since the Company's inception.

The second critical accounting policy relates to production costs. The Company periodically incurs costs to produce new management training videos and to enhance current videos. Historically, the Company has been unable to accurately forecast revenues to be earned on these videos and has, accordingly, expensed such costs as incurred.

RESULTS OF OPERATIONS

GENERAL

Our core business is the development, production and distribution of management and general workforce training videos for use by businesses throughout the world. As discussed under Item 1. Business Development, above, the operations of this line of business was conducted from June 1, 2006 to December 2006 under Advanced Media Training, Inc. and subsequent thereto through May 31, 2007 under Progressive Training, Inc. The results of operations consist only of the workforce training video business. The core assets and liabilities of the business have been maintained at their historical book values in these financial statements. Certain assets and liabilities of Advanced Media Training, Inc. amounting to approximately \$200,000 at December 2006 were transferred to Dematco at their historical book value and, accordingly, recorded as a contribution to capital on the books of the Company in December 2006. These consisted of cash of approximately \$23,000, a convertible debenture issued by an affiliate of Dematco to Advanced Media Training, Inc. in fiscal 2006, loans due to officers and related accrued interest.

In addition to distributing videos produced by us, we market and distribute training videos financed and produced by other producers, which currently account for approximately 60% of our revenues.

Workforce training industry trends have demonstrated that the amount of money allocated by companies for the training of their employees varies according to general economic conditions. In many cases in a good economy training department budgets are increased, and as a result more funds are available to purchase training videos and other employee training products. Conversely, when economic conditions are not good companies tend to cut back on the amount of funds spent on the purchase of workforce training products. We anticipate that general economic conditions will continue to have a direct effect on our revenues.

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2007 AND 2006

SELECT FINANCIAL INFORMATION

Statement of Operations Data	2007	2006
Revenue	\$46,870	\$110,213
Cost of revenues	\$14,603	\$25,594
Gross profit	\$32,267	\$84,619
Total expenses	\$85,875	\$128,298
Net loss after taxes	\$(53,608)	\$(43,679)
Net loss per share	\$(0.02)	\$(0.02)
Balance Sheet Data		
Total assets	\$50,650	\$136,073
Total liabilities	\$157,206	\$364,934
Stockholder's deficit	\$(106,556)	\$(228,861)

REVENUES

Our revenues for the three months ended November 30, 2007 were \$46,870. Revenues for the three months ended November 30, 2006, were \$110,213. This represents a decrease of \$63,343. This decrease in revenues was caused by three major factors: (1) a general slowdown in the economy causing organizations to trim their expenditures for personnel training, (2) the aging of the training videos currently in our library, and (3) the increased use by organizations of internet based training. Product sales made up approximately 77% of the total revenue. Royalties earned from the sales of our product amounted to approximately \$17,285 during the three months ended November 30, 2007 and \$13,490 during the three months ended November 30, 2006. Rental of videos were less than 1% of our sales. We expect the rentals of videos to continue to represent approximately the same percentage of revenues for the foreseeable future. Sales of videos produced by other companies accounted for approximately 51% of product sales.

COST OF REVENUES

The cost of revenues during the three months ended November 30, 2007, was \$14,603 as compared to \$25,594 during the three months ended November 30, 2006. The cost of revenues, as a percent of sales was 31% during the three months ended November 30, 2007 and 23% during the three months ended November 30, 2006. Although there may be occasional variances, we anticipate that the cost of goods sold (excluding production costs expensed) as a percentage of total revenues will continue to generally be approximately within the 15 to 35 percent range.

During most periods approximately 60% of our revenue is generated from the sale of training videos produced by companies with which we have distribution contracts with. The terms of these distribution contracts vary with regard to percentage of discount we receive. These discounts range from a low of 35% to a high of 50% of gross receipts. As we cannot predict which companies will produce better selling videos in any one period, we cannot predict future product mix. However, although there may be some variances, we anticipate that the cost of goods sold as a percentage of revenues derived from the sale of third party videos will generally be approximately within the 15 to 30 percent range.

EXPENSES

Selling and marketing expenses were \$20,976 for the three months ended November 30, 2007 as compared to \$41,512 for the three months ended November 30, 2006. This represents a decrease of \$20,536. This decrease is the result of a decrease in our commission expense to \$2,612 during the three months ended November 30, 2007 from \$19,196 during the three months ended November 30, 2006. This decrease were partially offset by increases in our business promotion; \$12,610 and \$9,700; our distribution and shipping costs; \$2,065 and \$3,511; during the three months ended November 30, 2007 and 2006, respectively. Our selling and marketing costs are directly affected by the number of new training products we introduce into the marketplace.

General and administrative expenses for the three months ended November 30, 2007 were \$60,417 as compared to \$66,823 for the three months ended November 30, 2006. This represents a decrease of \$6,406. This decrease is primarily the result of a decrease in our professional and outside services in the amount of \$3,449, to \$21,413 during the three months ended November 30, 2007 from \$24,862 during the three months ended November 30, 2006.

Research and development expenses were \$3,000 for the three months ended November 30, 2007. We recorded no research and development expenses for the three months ended November 30, 2006. We anticipate that we will incur minimal research and development costs as we evaluate and develop new training video products during the next fiscal period.

Interest expense totaled \$1,482 for the three months ended November 30, 2007 and \$19,963 for the three months ended November 30, 2006. Interest expense relates to our line of credit, borrowings from shareholder and convertible note. On November 30, 2007 our total term debt outstanding was \$72,346 as compared to \$222,066 on November 30, 2006. This change is due to the convertible debenture being assumed by Dematco in connection with our Asset and Liability Agreement.

During December 2006, we issued 1,750,000 shares of our common stock in exchange for the assets and liabilities related to the production and distribution of workforce training videos from our former parent, Dematco, Inc. The net liabilities that remained with Dematco, Inc. totaled approximately \$260,000 and accordingly, the Company recorded this amount against additional paid in capital in connection with the recapitalization.

NET LOSS

As a result of the aforementioned, our net loss was \$53,608 for the three months ended November 30, 2007 and \$43,679 for the three months ended November 30, 2006.

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2007 AND 2006

SELECT FINANCIAL INFORMATION

Statement of Operations Data	2007	2006
Revenue	\$128,100	\$205,431
Cost of revenues	\$29,960	\$41,102
Gross profit	\$98,140	\$164,329
Total expenses	\$171,188	\$250,596
Net loss after taxes	\$(73,848)	\$(87,067)
Net loss per share	\$(0.03)	\$(0.05)

Balance Sheet Data

Total assets	\$50,650	\$136,073
Total liabilities	\$157,206	\$364,934
Stockholder's deficit	\$(106,556)	\$(228,861)

REVENUES

Our revenues for the six months ended November 30, 2007 were \$128,100. Revenues for the six months ended November 30, 2006, were \$205,431. This represents a decrease of \$77,331. This decrease in revenues was caused by three major factors: (1) a general slowdown in the economy causing organizations to trim their expenditures for personnel training, (2) the aging of the training videos currently in our library, and (3) the increased use by organizations of internet based training. Product sales made up approximately 77% of the total revenue. Royalties earned from the sales of our product amounted to approximately \$28,605 during the six months ended November 30, 2007 and \$30,701 during the six months ended November 30, 2006. Rental of videos were less than 1% of our sales. We expect the rentals of videos to continue to represent approximately the same percentage of revenues for the foreseeable future. Sales of videos produced by other companies accounted for approximately 51% of product sales.

COST OF REVENUES

The cost of revenues during the six months ended November 30, 2007, was \$29,960 as compared to \$41,102 during the six months ended November 30, 2006. The cost of revenues, as a percent of sales was 23% during the six months ended November 30, 2007 and 20% during the six months ended November 30, 2006. Although there may be occasional variances, we anticipate that the cost of goods sold (excluding production costs expensed) as a percentage of total revenues will continue to generally be approximately within the 15 to 35 percent range.

During most periods approximately 60% of our revenue is generated from the sale of training videos produced by companies with which we have distribution contracts with. The terms of these distribution contracts vary with regard to percentage of discount we receive. These discounts range from a low of 35% to a high of 50% of gross receipts. As we cannot predict which companies will produce better selling videos in any one period, we cannot predict future product mix. However, although there may be some variances, we anticipate that the cost of goods sold as a percentage of revenues derived from the sale of third party videos will generally be approximately within the 15 to 30 percent range.

EXPENSES

Selling and marketing expenses were \$52,635 for the six months ended November 30, 2007 as compared to \$84,301 for the six months ended November 30, 2006. This represents a decrease of \$31,666. This decrease is the result of a decrease in our commission expense to \$16,715 during the six months ended November 30, 2007 from \$39,420 during the six months ended November 30, 2006. These decreases were partially offset by increases in our business promotion; \$25,210 and \$19,450 during the six months ended November 30, 2007 and 2006, respectively. Our selling and marketing costs are directly affected by the number of new training products we introduce into the marketplace.

General and administrative expenses for the six months ended November 30, 2007 were \$111,954 as compared to \$129,384 for the six months ended November 30, 2006. This represents a decrease of \$17,430. This decrease is the result of a decrease in our professional and outside services in the amount of \$28,978, to \$35,129 during the six months ended November 30, 2007 from \$64,107 during the six months ended November 30, 2006. We increased our allowance for doubtful accounts during the six months ended November 30, 2007 by \$7,000 due to an analysis of accounts receivable.

Research and development expenses were \$4,151 for the six months ended November 30, 2007. We recorded no research and development expenses for the three months ended November 30, 2006. We anticipate that we will incur minimal research and development costs as we evaluate and develop new training video products during the next fiscal period.

Interest expense totaled \$2,448 for the six months ended November 30, 2007 and \$36,911 for the six months ended November 30, 2006. Interest expense relates to our line of credit, borrowings from shareholder and convertible note. On November 30, 2007 our total term debt outstanding was \$72,346 as compared to \$222,066 on November 30, 2006. This change is due to the convertible debenture being assumed by Dematco in connection with our Asset and Liability Agreement.

During December 2006, we issued 1,750,000 shares of our common stock in exchange for the assets and liabilities related to the production and distribution of workforce training videos from our former parent, Dematco, Inc. The net liabilities that remained with Dematco, Inc. totaled approximately \$260,000 and accordingly, the Company recorded this amount against additional paid in capital in connection with the recapitalization.

NET LOSS

As a result of the aforementioned, our net loss was \$73,848 for the six months ended November 30, 2007 and \$87,067 for the six months ended November 30, 2006.

PLAN OF OPERATION

Until March 1, 2007, the Company's was a wholly owned subsidiary of Dematco, Inc. As explained above, on that date Dematco transferred to us all of its assets and liabilities related to the production and distribution of workforce training videos. See "Company History."

We will continue to devote our limited resources to marketing and distributing workforce training videos and related training materials. At this time these efforts are focused on the sale of videos produced by third parties. Approximately 60% of our revenue is derived from these sales. Additionally, we will continue to market videos produced by us, Among these are "The Cuban Missile Crisis: A Case Study In Decision Making And Its Consequences," "What It Really Takes To Be A World Class Company," "How Do You Put A Giraffe In The refrigerator?." In addition, we anticipate spending some of our resources on the production and marketing of additional training videos produced by us. The amount of funds available for these expenditures will be determined by cash flow from operations, as well as, our ability to raise capital through an equity offering or further borrowing from our President, and other traditional borrowing sources. There can be no assurance that we will be successful in these efforts.

Management expects that sales of videos and training materials, along with available funds under an agreement with its President and majority shareholder should satisfy our cash requirements through fiscal 2008. The Company's marketing expenses and the production of new training videos will be adjusted accordingly.

We currently have one full time employee who manages our marketing and sales efforts. Additionally we have two part time employees who assist with the administration functions. We mainly utilize outside services to handle our accounting and other administrative requirements, and commissioned sales personnel to handle the selling and marketing of our videos. During the next 12 months we anticipate hiring one or two additional full-time employees to assist in our sales and marketing requirements. In addition, Mr. Buddy Young, our Chief Executive Officer, Chief Financial Officer and Chairman of the Board of Directors, and L. Stephen Albright, our Vice President, Secretary and a Director, each work on a part-time basis. During the six months ended November 30, 2007, Mr. Young contributed non-cash compensation (representing the estimated value of services contributed to the Company) of \$20,800.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital deficit was \$106,556 at November 30, 2007.

Our cash flows used by operations were \$50,320 for the six months ended November 30, 2007. This is the result of our net loss of \$73,848 along with cash used by accounts receivable in the amount of \$11,075, offset by a decrease in accounts receivable, related party in the amount of \$3,800 and the increase of accounts payable and accrued expenses in the amount of \$2,924.

Our cash flows used by operations were \$41,078 during the six months ended November 30, 2006. This is the result of a our net loss in the amount of \$87,067, an increase in our accounts receivable in the amount of \$22,914, an increase in other assets in the amount of \$1,087 and an increase in deferred revenue in the amount of \$4,024, offset by the increase in accounts payable and accrued expenses in the amount of \$20,305.

During the six months ended November 30, 2007 and 2006 we did not use any cash for investing activities.

Our cash flows provided by financing activities were \$38,262 for the six months ended November 30, 2007. This is the result of borrowing from a shareholder in the amount of \$36,468 along with borrowing on our line of credit in the amount of \$878 and a bank overdraft in the amount of \$916.

Our cash flows provided by financing activities were \$15,884 for the six months ended November 30, 2006. This is the result of borrowing from a shareholder in the amount of \$16,765 along with borrowing on our line of credit in the amount of \$408, offset by the repayment of a bank overdraft in the amount of \$1,289.

We currently have no material commitments at this time to fund development of new videos or to acquire any significant capital equipment.

We are a company with a limited operating history and a history of net losses.

We had a cash balance of \$0 on November 30, 2007. We have an agreement with our President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2008. We owed our President a total of \$36,468 in principal under the agreement as of November 30, 2007. The note is collateralized by all of our right, title and interest in and to our video productions and projects, regardless of their stage of production, including all related contracts, licenses, and accounts receivable. Any unpaid principal and interest under the Note will be due and payable on December 31, 2008.

The Company has a revolving line of credit with Bank of America. This line of credit permits the Company to borrow up to \$40,000. The line of credit is guaranteed by the Company's President. Interest is payable monthly at 2.22% above the bank's prime rate of interest (9.78% at November 30, 2007). The line of credit does not require the Company to meet performance criteria or maintain any minimum levels of income or assets. It does require the Company to maintain insurance, maintain a modern system of accounting in accordance with generally accepted accounting principles ("GAAP") and to comply with the law. The Company is in compliance with the terms and conditions of the line of credit. The outstanding balance as of November 30, 2007, was \$35,878.

If revenues from the sale of our videos do not provide sufficient funds to maintain operations, then we believe the raising of funds through further borrowings from our President or the sale of additional equity will be sufficient to satisfy our budgeted cash requirements through June 30, 2008. Additionally, we may attempt a private placement sale of our common stock. Further, our ability to pursue any business opportunity that requires us to make cash payments would also depend on the amount of funds that we can secure from these various sources. If funding is not available from any of these sources to meet our needs, we will either delay production of one or more of our planned videos or delay any business transaction requiring the payment of cash, or both.

If funding is insufficient at any time in the future, we may not be able to take advantage of business opportunities or respond to competitive pressures, any of which could have a negative impact on the business, operating results and financial condition. In addition, if additional shares were issued to obtain financing, current shareholders may suffer a dilutive effect on their percentage of stock ownership in the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Based on the nature of our current operations, we have not identified any issues of market risk at this time.

ITEM 4T. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of November 30, 2007 (the "Evaluation Date"). This evaluation was carried out under the supervision and with the participation of Buddy Young, who serves as both our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, Mr. Young concluded that our disclosure controls and procedures were not effective as of the Evaluation Date as a result of the material weaknesses in internal control over financial reporting discussed below.

Disclosure controls and procedures are those controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Notwithstanding the assessment that our internal control over financial reporting was not effective and that there were material weaknesses as identified in our annual report on Form 10-K, for our year ended May 31, 2007, we believe that our financial statements contained in our Quarterly Report on Form 10-Q for the quarter ended November 30, 2007 accurately present our financial condition, results of operations and cash flows in all material respects.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As of the Evaluation Date, there were no changes in our internal control over financial reporting that occurred during the quarter ended November 30, 2007 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS AND PROCEDURES

Our management, including Buddy Young our Chief Executive Officer and the Chief Financial Officer, do not expect that our controls and procedures will prevent all potential errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the quarter ended November 30, 2007, no matters were submitted to the Company's security holders.

ITEM 5. OTHER INFORMATION None.

ITEM 6. EXHIBITS

31.1 Certification of CEO Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROGRESSIVE TRAINING, INC.
(Registrant)

Dated: August 10, 2010

/s/ Buddy
Young
Buddy Young, President, Chief
Executive Officer and Chief Financial Officer

