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PROGRESSIVE TRAINING, INC.

Form 10-Q

December 19, 2008

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

Form 10-Q

(Mark One)

☒ Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended November 30, 2008

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

Commission File Number: 0-50333

PROGRESSIVE TRAINING, INC.
(Exact name of small business issuer as specified in its charter)

Delaware 32-0186005
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

17337 Ventura Boulevard, Suite 208
Encino, California 91316

Issuer's Telephone Number: (818) 784-0040
(Address and phone number of principal executive offices)

Check 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 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 ☐ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if smaller reporting company)

Check whether the issuer is a "shell company" as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes ☐ No ☒

The Issuer has 2,280,000 shares of Common stock, par value \$.0001 per share issued and outstanding as of November 30, 2008. Based on the closing bid price of the issuer's common stock on November 30, 2008 the aggregate market value of the voting stock held by non-affiliates of the registrant on that date was approximately \$26,000.

Traditional Small Business Disclosure Format (check one) Yes ☐ No ☒

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ON FORM 10-Q

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

(Financial Statements Commence on Following Page)

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PROGRESSIVE TRAINING, INC.
CONDENSED BALANCE SHEETS

	November 30, 2008	May 31, 2008
	(Unaudited)	
ASSETS		
Cash	\$ 5,622	\$ 1,610
Accounts receivable, net of allowance for doubtful accounts of \$20,642	14,436	21,906
Property and equipment, net of accumulated depreciation of \$11,709	--	--
Prepaid expenses and other assets	1,946	1,946
TOTAL ASSETS	\$ 22,004	\$ 25,462
	=====	=====
LIABILITIES AND SHAREHOLDERS' DEFICIT		
LIABILITIES:		
Line of credit	\$ 38,009	\$ 38,009
Accounts payable and accrued expenses	71,854	95,353
Accrued interest due to shareholder	7,822	2,871
Note payable due to shareholder	158,647	81,055
Total liabilities	276,332	217,288
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' DEFICIT:		
Common stock, par value - \$.0001; 100,000,000 shares authorized; 2,280,000 shares issued and outstanding	228	228
Additional paid-in capital	1,356,223	1,335,423
Accumulated deficit	(1,610,779)	(1,527,477)
Total shareholders' deficit	(254,328)	(191,826)
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 22,004	\$ 25,462
	=====	=====

See accompanying notes to financial statements.

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PROGRESSIVE TRAINING, INC.
CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED
NOVEMBER 30, 2008 AND 2007 (UNAUDITED)

	THREE MONTHS		SIX MONTHS	
	2008	2007	2008	2007
REVENUES	\$ 31,733	\$ 46,195	\$ 78,698	\$ 119,099
COST OF REVENUES	6,658	14,603	10,765	29,960
GROSS PROFIT	25,075	31,592	67,933	89,139
EXPENSES:				
Selling and marketing	8,391	20,301	27,875	43,634
General and administrative .	46,409	60,417	113,215	111,954
Research and development ...	--	3,000	36	4,151
Interest expense	4,866	1,482	9,309	2,448
Total expenses	59,666	85,200	150,435	162,187
LOSS BEFORE INCOME TAXES ...	(34,591)	(53,608)	(82,502)	(73,048)
INCOME TAXES	--	--	800	800
NET LOSS	\$ (34,591)	\$ (53,608)	\$ (83,302)	\$ (73,848)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)
WEIGHTED AVERAGE SHARES OUTSTANDING	2,280,000	2,280,000	2,280,000	2,280,000

See accompanying notes to financial statements.

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PROGRESSIVE TRAINING, INC.
CONDENSED STATEMENTS OF SHAREHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2008 (UNAUDITED)

COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	SHAREHOLDERS ' (DEFICIT)	TOT
SHARES	AMOUNT			

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BALANCE, MAY 31, 2008	2,280,000	\$ 228	\$ 1,335,423	\$ (1,527,477)	\$ (19
CONTRIBUTED CAPITAL	--	--	20,800	--	2
NET LOSS	--	--	--	(83,302)	(8
BALANCE, NOVEMBER 30, 2008	2,280,000	\$ 228	\$ 1,356,223	\$ (1,610,779)	\$ (25
	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

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PROGRESSIVE TRAINING, INC.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2008 AND 2007 (UNAUDITED)

	2008	2007
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (83,302)	\$ (73,848)
Adjustments to reconcile net loss to net cash used by operating activities:		
Contribution of capital for services	20,800	20,800
Provision for doubtful accounts	--	7,000
Changes in operating assets and liabilities:		
Accounts receivable	7,470	(11,075)
Accounts receivable, related party	--	3,800
Other assets	--	79
Accounts payable and accrued expenses	(18,548)	2,924
Net cash used by operating activities	(73,580)	(50,320)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bank overdraft	--	916
Net borrowings (repayments) from (to) shareholder ..	77,592	36,468
Net borrowings (repayments) on line of credit	--	878
Net cash provided (used) by financing activities	77,592	38,262
NET INCREASE (DECREASE) IN CASH	4,012	(12,058)
CASH, BEGINNING OF PERIOD	1,610	12,058
CASH, END OF PERIOD	\$ 5,622	\$ --
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 1,389	\$ 1,770
Cash paid for income taxes	\$ --	\$ --

See accompanying notes to financial statements

PROGRESSIVE TRAINING, INC.

CONDENSED NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS BACKGROUND

Progressive Training, Inc. 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.

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 six months ended November 30, 2008 and 2007 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 (as amended) for the fiscal year ended May 31, 2008.

RECLASSIFICATIONS

Certain 2007 amounts have been reclassified to conform to presentation in 2008.

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.

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SIGNIFICANT CUSTOMERS

During the six months ended November 30, 2008, the Company had one customer that accounted for 33% of the Company's net sales. During the six months ended November 30, 2007 the Company had one customer that accounted for 14% of the Company's net sales. Foreign sales (primarily royalty income from Canada) amounted to \$38,242 and \$28,605 for the six months ended November 30, 2008 and 2007, respectively.

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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, 2008 and 2007, the Company had no potentially dilutive shares.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS No. 162"). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements presented in conformity with generally accepted accounting principles in the United States of America. SFAS No. 162 will be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, "The Meaning of, Present fairly in conformity with generally accepted accounting principles". The Company does not believe the implementation of SFAS No. 162 will have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 also includes an amendment to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" which applies to all entities with available-for-sale and trading securities. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company's adoption of SFAS No. 159 did not have a material impact on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." The Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements, and does not require any new fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements. The Statement is effective for the fiscal years beginning after November 15, 2007. The Company adopted the provisions of SFAS No. 157 for the financial assets and liabilities recognized at fair value on a recurring and non-recurring basis effective March 1, 2008. FSP No. 157-2 delays the effective date of FAS Statement No. 157 for nonfinancial assets and nonfinancial liabilities. The adoption of SFAS No. 157 did not have a material impact on the Company's consolidated financial statements.

3. 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

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payable monthly at 2.22% above the bank's prime rate of interest (6.72% at November 30, 2008). The line is callable upon demand.

4. COMMITMENTS AND CONTINGENCIES

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 \$14,709 and \$14,437 for the six months ended November 30, 2008 and 2007 respectively.

5. RELATED PARTY TRANSACTIONS

The Company has paid a monthly fee to Howard Young, the son of Buddy Young (the Company's Chief Executive Officer) 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, 2008 and 2007. Total expense was \$29,120 and \$50,400 for the six months ended November 30, 2008 and 2007, 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, 2009. 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, 2009. As of November 30, 2008, the Company has borrowed \$158,647 from Mr. Young.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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 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 workforce training industry, competition from other producers and distributors of training videos; our ability to control costs and expenses, access to capital, and our ability to meet contractual obligations. 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.

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

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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 three 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.

The third critical accounting policy relates to contribution of services. The Company's President, Mr. Buddy Young, contributes approximately 25 hours per week to the operation of the Company. These services are valued at \$35 per hour and are recorded as a contribution to the capital of the Company.

INTRODUCTION

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 flows from operations have 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, 2009. Repayment is to be made when funds are available with the balance of principal and interest due December 31, 2009. As of November 30, 2008, the Company has borrowed \$158,647 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 calendar year 2008.

Our efforts during the next 12 months will mainly be focused on, increasing 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. Further, in all probability, we will attempt to raise additional funds through the sale of equity, which may have a substantial

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dilutive effect on the holdings of existing shareholders.

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RESULTS OF OPERATIONS

GENERAL

Progressive Training's current core business is the development, production and distribution of management and general workforce training videos for use by businesses throughout the world. 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 57% of our sales 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, 2008 AND 2007

SELECT FINANCIAL INFORMATION

Statement of Operations Data	2008	2007
	-----	-----
Revenue	\$ 31,733	\$ 46,195
Cost of revenues	\$ 6,658	\$ 14,603
Gross profit	\$ 25,075	\$ 31,592
Total expenses	\$ 59,666	\$ 85,200
Net loss after taxes	\$ (34,591)	\$ (53,608)
Net loss per share	\$ (0.02)	\$ (0.02)
Balance Sheet Data		
Total assets	\$ 22,004	\$ 50,650
Total liabilities	\$ 276,332	\$ 157,206
Stockholder's deficit	\$ (254,328)	\$ (106,556)

REVENUES

Our revenues for the three months ended November 30, 2008 were \$31,733. Revenues for the three months ended November 30, 2007, were \$46,195. This represents a decrease of \$14,462. 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 59% of the total revenue. Royalties earned from the sales of our product amounted to approximately \$14,513 during the three months ended November 30, 2008 and \$17,285 during the three months ended November 30, 2007. Sales of videos produced by other companies accounted for approximately 57% of product sales.

COST OF REVENUES

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The cost of revenues during the three months ended November 30, 2008, was \$6,658 as compared to \$14,603 during the three months ended November 30, 2007. The cost of revenues, as a percent of sales was 21% during the three months ended November 30, 2008 and 31% during the three months ended November 30, 2007. Although there may be occasional variances due to product mix (sales of 3rd party videos have a significantly higher cost percentage), 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.

EXPENSES

Selling and marketing expenses were \$8,391 for the three months ended November 30, 2008 as compared to \$20,301 for the three months ended November 30, 2007. This represents a decrease of \$11,910. This decrease is the result of a decrease in our commission expense to \$1,177 during the three months ended November 30, 2008 from \$1,937 during the three months ended November 30, 2007 as well as a decrease in our business promotion to \$2,759 during the three months ended November 30, 2008 from \$12,610 during the three months ended November 30, 2007. Our selling and marketing costs are directly affected by the number of new training products we introduce into the marketplace.

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General and administrative expenses for the three months ended November 30, 2008 were \$46,409 as compared to \$60,417 for the three months ended November 30, 2007. This represents a decrease of \$14,008. This decrease is primarily the result of a decrease in our professional and outside services in the amount of \$11,755, to \$22,265 during the three months ended November 30, 2008 from \$34,020 during the three months ended November 30, 2007.

Research and development expenses were \$-0- for the three months ended November 30, 2008, compared to \$3,000 for the three months ended November 30, 2007. 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 \$4,866 for the three months ended November 30, 2008 and \$1,482 for the three months ended November 30, 2007. Interest expense relates to our line of credit and borrowings from our principal shareholder. On November 30, 2008 our total term debt outstanding was \$196,656 as compared to \$72,346 on November 30, 2007. This change is due to additional borrowings from our president and principal shareholder.

NET LOSS

As a result of the aforementioned, our net loss was \$34,591 for the three months ended November 30, 2008 and \$53,608 for the three months ended November 30, 2007.

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2008 AND 2007

SELECT FINANCIAL INFORMATION

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Statement of Operations Data	2008	2007
	-----	-----
Revenue	\$ 78,698	\$ 119,099
Cost of revenues	\$ 10,765	\$ 29,960
Gross profit	\$ 67,933	\$ 89,139
Total expenses	\$ 150,435	\$ 162,188
Net loss after taxes	\$ (83,302)	\$ (73,848)
Net loss per share	\$ (0.04)	\$ (0.03)
Balance Sheet Data		
Total assets	\$ 22,004	\$ 50,650
Total liabilities	\$ 276,332	\$ 157,206
Stockholder's deficit	\$ (254,328)	\$ (106,556)

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REVENUES

Our revenues for the six months ended November 30, 2008 were \$78,698. Revenues for the six months ended November 30, 2007, were \$119,099. This represents a decrease of \$40,401. 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 57% of the total revenue. Royalties earned from the sales of our product amounted to approximately \$38,242 during the six months ended November 30, 2008 and \$28,605 during the six months ended November 30, 2007. 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, 2008, was \$10,765 as compared to \$29,960 during the six months ended November 30, 2007. The cost of revenues, as a percent of sales was 14% during the six months ended November 30, 2008 and 23% during the six months ended November 30, 2007. 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.

EXPENSES

Selling and marketing expenses were \$27,875 for the six months ended November 30, 2008 as compared to \$43,634 for the six months ended November 30, 2007. This represents a decrease of \$15,759. This decrease is the result of a decrease in our commission expense to \$5,982 during the six months ended November 30, 2008 from \$7,714 during the six months ended November 30, 2007 as well as a decrease in our business promotion to \$14,634 during the six months ended November 30, 2008 from \$25,210 during the six months ended November 30, 2007. Our selling and marketing costs are directly affected by the number of new training products we

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introduce into the marketplace.

General and administrative expenses for the six months ended November 30, 2008 were \$113,215 as compared to \$111,954 for the six months ended November 30, 2007. This represents an increase of \$1,261. This increase is partially the result of an increase in our professional and outside services in the amount of \$11,600 to \$62,722 during the six months ended November 30, 2008 from \$51,122 during the six months ended November 30, 2007. 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 \$36 for the six months ended November 30, 2008 as compared to \$4,151 for the six months ended November 30, 2007. 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 \$9,309 for the six months ended November 30, 2008 and \$2,448 for the six months ended November 30, 2007. Interest expense relates to our line of credit and borrowings from our principal shareholder. On November 30, 2008 our total term debt outstanding was \$196,656 as compared to \$72,346 on November 30, 2007. This change is due to additional borrowings from our president and principal shareholder.

NET LOSS

As a result of the aforementioned, our net loss was \$83,302 for the six months ended November 30, 2007 and \$73,848 for the six months ended November 30, 2006.

PLAN OF OPERATION

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

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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, works on a part-time basis. During the six months ended November 30, 2008, 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 \$87,859 at November 30, 2008.

Our cash flows used by operations were \$73,580 for the six months ended November 30, 2008. This is the result of our net loss of \$83,302 along with cash used by accounts payable and accrued expenses in the amount of \$18,548, offset by a decrease in accounts receivable in the amount of \$7,470.

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.

During the six months ended November 30, 2008 and 2007 we did not use any cash for investing activities.

Our cash flows provided by financing activities were \$77,592 for the six months ended November 30, 2008. This is the result of borrowing from a shareholder.

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.

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 \$5,622 on November 30, 2008. 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, 2009. We owed our President a total of \$158,647 in principal under the agreement as of November 30, 2008. 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, 2009.

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 (6.72% at November 30, 2008). 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, 2008, was \$38,009.

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, 2009. Additionally, we may attempt a private placement sale of our common stock.

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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.

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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, 2008 (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, 2008, we believe that our financial statements contained in our Quarterly Report on Form 10-Q for the quarter ended November 30, 2008 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, 2008 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

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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.

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PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN 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, 2008, 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.

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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: December 19, 2008

/S/ BUDDY YOUNG

Buddy Young, President and Chief
Executive Officer