

PROGRESSIVE TRAINING, INC.
Form 10-K
August 30, 2010

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2010

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-52684

PROGRESSIVE TRAINING, INC.

(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

17337 Ventura Boulevard, Suite 208,
Encino, California
(Address of principal executive offices)

91316
(Zip Code)

(818) 784-0040

(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class registered: None Name of each exchange on which registered: N/A

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.0001

(Title of class)

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for 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 (§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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer (Do not check if smaller reporting company) | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a "shell company" as defined in Rule 12b-2 of the Act Yes No

The aggregate market value of common stock held by non-affiliates of the registrant as of November 30, 2009 (the last business day of our most recently completed second fiscal quarter) was approximately \$102,000 based upon the last sales price for shares of our common stock as of such date.

At August 25, 2010, the registrant had 5,280,000 shares of Common Stock, \$0.0001 par value, issued and outstanding.

Documents incorporated by reference: None

CONTENTS

PAGE
PART I

| | | |
|---------|-------------------------|----|
| Item 1. | Description of Business | 5 |
| Item 2. | Properties | 13 |
| Item 3. | Legal Proceedings | 13 |
| Item 4. | (Reserved) | 13 |

PART II

| | | |
|-------------|--|----|
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 14 |
| Item 6. | Selected Financial Data | 15 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 15 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 21 |
| Item 8. | Financial Statements and Supplementary Data | 22 |
| Item 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 33 |
| Item 9A(T). | Controls and Procedure | 33 |
| Item 9B. | Other Information | 35 |

PART III

| | | |
|----------|--|----|
| Item 10. | Directors, Executive Officers and Corporate Governance | 35 |
| Item 11. | Executive Compensation | 37 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 39 |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence | 39 |
| Item 14. | Principal Accountant Fees and Services | 40 |
| Item 15. | Exhibits | 40 |

| | |
|------------|----|
| SIGNATURES | 41 |
|------------|----|

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This fiscal 2010 Annual Report on Form 10-K, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," contains "forward-looking statements" that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new products or services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would,"

“predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes” and “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- our inability to raise additional funds to support operations and capital expenditures;
- our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;
 - our inability to successfully compete against existing and future competitors;
 - our inability to manage and maintain the growth of our business;
 - our inability to protect our intellectual property rights; and
- other factors discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Item 1. Description of Business

(a) Background

We were incorporated in Delaware on October 31, 2006. From the date we were incorporated until March 1, 2007, we were a wholly owned subsidiary of Dematco, Inc., formerly Advanced Media Training Inc., a Delaware corporation (hereinafter "Dematco"). On December 10, 2006, our then parent Dematco acquired all the remaining outstanding shares of Dematco Ltd., and elected a new slate of directors and appointed new corporate officers. Concurrent with the acquisition, the new management of Dematco decided to change its business from the production and distribution of workforce training videos to that of its just acquired company Dematco, Ltd., and to as soon as feasible cease all business activity related to the video training business. The business of Dematco, Ltd. is the dematerializing or converting of financial instruments from paper form to electronic form so as to enable such instruments to be traded in a secure manner electronically on exchanges or exchange platforms on a peer to peer basis. (see COMPANY HISTORY page 11)

(b) Description of Business

Progressive Training's 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. During fiscal 2010, the sale of third party videos accounted for approximately 30% of our total gross revenues.

WORKFORCE TRAINING VIDEO PRODUCTION

Among the videos produced by us are:

THE CUBAN MISSILE CRISIS: A CASE STUDY IN DECISION MAKING AND ITS CONSEQUENCES. This video is based on the decision making process of President Kennedy and his Cabinet during the Cuban missile crisis,

OWN IT (i.e., "own" your job) and focuses on four main themes: Caring About What You Do, Going Above And Beyond, Being A Team Player, and Being Proud Of What You Do And Where You Do It.

HOW DO YOU PUT A GIRAFFE INTO A REFRIGERATOR? This is an animated short that is used as a meeting opener to stimulate the thinking of the participants.

TEAMSPEAK: HOW TO ASK POSITIVE QUESTIONS. The video's basic theme is the importance of asking positive questions at team meetings.

CHARACTER IN ACTION: THE UNITED STATES COAST GUARD ON LEADERSHIP. In this video author Donald T. Phillips ("Lincoln on Leadership") demonstrates the highest qualities of leadership, and how to apply them, using the example of the United States Coast Guard.

PIT CREW CHALLENGE: DRIVEN TO PERFORM. The video uses the example of an executive team, whose members have little or no experience with cars beyond driving them, taking the challenge of learning how to function as a NASCAR pit crew.

WORKTEAMS AND THE WIZARD OF OZ. Utilizing scenes from the classic movie, host Ken Blanchard demonstrates how workteams can reach their goals, no matter how diverse their members or how difficult the undertaking.

GENERATION WHY. Former teacher and coach on camera host Eric Chester shows organizations how to recruit, train, manage, motivate, and retain the very best of this new generation.

In most cases the cost of production for the workforce training videos range from a low of \$40,000 to a high of \$125,000. Among the factors that determine the cost are: (a) Script costs, (b) number of cast members, (c) location or studio photography, (d) on-camera host, (e) music & special effects, and (f) size of production crew. Given our limited funds, we did not produce any new training videos during fiscal 2010.

DISTRIBUTION OF VIDEOS

As stated above, a consequence of our current and very limited financial resources is that we are unable to develop and produce new training videos on a regular basis. As a result, we mainly marketed and sold videos produced by third parties during the period ended May 31, 2010. These producers range in size from large corporations, to small independent companies. In general, we market and sell videos they have financed and produced and we receive a discount ranging from 35% to 50% of the gross sale price. It is standard practice within the training industry for distributors to market and sell videos financed and produced by third parties. We are not dependent on any one producer as a source of product for us to sell. To date, no one source or product has accounted for 10% or more of revenues, nor has any one training video accounted for a significant portion of our revenue.

In regard to videos produced by us, we have non-exclusive distribution agreements with a number of distributors to market and sell videos financed and produced by us. Under the terms of these distribution agreements, we have agreed to pay a marketing/distribution fee, ranging from 35% to 50% of gross sales to distributors that sell our video training products. In many instances, we have mutual non-exclusive distribution agreements to market/distribute their products for a similar fee. We are not dependent on any one distributor to market or sell our product. To date, no one distributor has accounted for 10% or more of revenues derived from the sale of videos produced by us. Currently, we have twenty-eight domestic distribution agreements, and twenty-seven international distribution agreements. Most of the domestic distribution agreements are with companies that both produce and distribute training videos. These agreements are reciprocal, in that under the terms of the agreements they are licensed to sell our videos and we are licensed to sell videos that were produced by them. The foreign distribution agreements, as well as domestic agreements with companies that only produce training videos provide only a license for us to sell videos produced by them. Except as mentioned above and along with the percentage of distribution fees paid or received, the terms and conditions are virtually the same in all of our distribution contracts.

The material terms of our various agreements with suppliers (which consist of distributors and producers) are very similar. In general, these agreements provide us with the right to sell the supplier's video training products on a non-exclusive basis. Other material terms include: (i) length of contractual period, automatic renewal for an additional one (1) year terms, subject to termination on 30 or 60 days prior written notice by either party; (ii) sales territory; (iii) confirmation of our independent contractor relationship; (iv) sales commission: and, (v) in two (2) instances we are required to meet monthly sales minimums, which if not met, permits the supplier, at his option, to terminate the agreement. As noted above, we market and sell the training videos for a commission from 35% to 50% of the gross sales price. We are in compliance with all the terms and conditions of our agreements with suppliers.

WORKFORCE TRAINING INDUSTRY OVERVIEW

GENERAL

Except where specifically indicated, the following industry views and analysis are based on management's interpretations and beliefs resulting from their experience in the production, sales and marketing of workforce training videos, and their attendance at industry events such as the annual American Society for Training & Development (ASTD) meeting where industry trends are discussed.

According to the Annual Industry Report published by Nielsen Business Media in its October/November 2009 issue of its industry publication, TRAINING MAGAZINE:

- \$52.2 billion will be spent for training in 2009 by U.S. organizations with 100 or more employees. This compares to approximately \$56.0 billion total industry spending in 2008. The article attributes the decline to the continuing challenging economic climate. This figure was calculated by projecting the average training budget to a weighted universe of companies, using the Dun & Bradstreet counts of U.S. organizations with more than 100 employees.
- \$7.0 billion of that \$52.2 billion was spent on outside providers of products and services in 2009. This compares to \$15.4 billion in 2008. These products and services include "off-the-shelf" materials (our videos and work books are included in this category). Management feels that the significant decline in expenditures for outside products and services is a result of general economic conditions causing corporations to slash their training budgets, less use of outside consultants, and more utilization of in-house developed training materials.

"Soft-Skill" training and Information Technology training represent the industry's two major distinct sources of revenue. Soft-Skill training includes management skills/development, supervisory skills, communication skills, new methods and procedures, customer relations/services, clerical/secretarial skills, personal growth, employee/labor relations, and sales. Information Technology training includes client/server systems, internet/intranet technologies, computer networks, operating systems, databases, programming languages, graphical user interfaces, object-oriented technology and information technology management.

TRAINING VIDEO PRODUCTION

As stated earlier, approximately 40% to 50% of our revenue is derived from the sale of training videos produced by other companies. Many of these videos are produced by producer/distributors that have the financial resources to produce several videos each year. These producer/distributors then enter into sub-distribution agreements with other industry distributors to market and sell these videos. Additionally, there are many independent producers who produce one or two videos a year. These independent producers then enter into distribution agreements for the marketing and sale of their videos. Such agreements are usually on a royalty basis, and may include an advance against royalties.

THE SOFT SKILL TRAINING MARKET

There are over thirty different specific soft-skill training subjects utilized by organizations to increase employee productivity and awareness. Among the top ten subjects are: new-employee orientation, leadership, sexual harassment, new-equipment orientation, performance appraisals, team-building, safety, problem-solving/decision-making, train-the-trainer, and product knowledge.

We have produced and are marketing training videos that address a number of the above mentioned soft-skill categories. These videos address such categories as leadership, team-building, and problem solving/decision-making. These three categories match the focus of the videos in our current library.

Although many organizations continue to maintain in-house training departments, outside suppliers represent a significant portion of the training budget. TRAINING MAGAZINE reported in its recent industry report that training delivered by outside sources represented approximately 30% of the total dollars spent on traditional training, and approximately 38% of technology based training.

THE INFORMATION TECHNOLOGY MARKET

To date, we have not produced any training products for the information technology market. Nor do we anticipate doing so in the foreseeable future. However, since we do market such products produced by others, we felt it appropriate to include a discussion of this sector.

The Annual Industry Report additionally revealed that of all formal training in U.S. organizations with ten or more employees, approximately 40% of that formal training is devoted to teaching computer skills. Management believes that the market for Information Technology will continue to be driven by technological change, and that the increasing demand for training information technology professionals is a result of several key factors, including:

- the proliferation of computers and networks throughout all levels of organizations;
- the shift from mainframe systems to new client/server technologies;
- the continuous introduction and evolution of new client/server hardware and software technologies;
- the proliferation of internet and intranet applications; and

- corporate downsizing.

It is our belief that these foregoing factors have resulted in an increase in training requirements for employees who must perform new job functions or multiple job tasks that require knowledge of varied software applications, technologies, business specific information, and other training topics. Furthermore, since we believe that many businesses use hardware and software products provided by a variety of vendors, their information technology professionals require training on an increasing number of products and technologies which apply across vendors, platforms and operating systems.

PRODUCTS AND SERVICES

During fiscal 2010 we devoted our limited resources to the distribution of workforce training videos. Due to the significant amount of cash required to produce new training videos, (\$40,000 to \$125,000), we did not produce any new training products during fiscal 2010.

Accompanying each of the videos is a workbook that is designed to be given to all employees participating in the training program. These workbooks are written for us by training professionals and serve to reinforce and enhance the lasting effectiveness of the video.

Training videos typically have a running time of 20 to 35 minutes. The price range for training videos is from a low of \$295 to over \$895 per video. Except for our video entitled HOW DO YOU PUT A GIRAFFE INTO A REFRIGERATOR?, which is used as a short 3 minute meeting opener, the videos we acquired fall within the 25 to 35 minute running time range and are sold within the price range mentioned above. The wide variance in the pricing structure is due to such factors as quality of production, on-camera personalities, source of material, sophistication of graphics, and accompanying reference materials. To date, our strategy has been to concentrate on producing high caliber videos utilizing elements and production values that will generate sales at the higher end of the price range, where profit margins are greater.

The price differential between a corporate training video and a standard consumer video is justified by the fact that an organization will purchase a video and utilize it to train hundreds of employees over many years.

SALES AND MARKETING

As stated earlier, the Company's business is conducted under the dba Advanced Knowledge. Accordingly, all of our marketing and sales materials incorporate the Advance Knowledge name and logo. In most cases, the sale of management and general workforce training videos involve direct mail solicitation, preview request fulfillment, and telemarketing. We begin our sales effort by identifying prospective buyers and soliciting them through direct mail appeals that offer the recipient a free preview. In addition, we market and distribute our work force training videos via our web site at www.advancedknowledge.com. During the past year there has been a significant increase within the training industry on the utilization of the internet to both market and deliver training products.

Preview request fulfillment represents a major part of our sales plan. It has been our experience that most professional trainers will not purchase a training video until they have previewed it in its entirety, affording them an opportunity to evaluate the video's applicability to their specific objective and to judge its effectiveness as a training tool. Rather than shipping preview copies, most customers now preview videos on-line. Within a short period of time following the preview request, a representative will call the prospective buyer to obtain their comments and to ascertain their level of interest.

TELEMARKETING

We manage our telemarketing efforts by utilizing part-time staff or free lance telephone representatives who focus primarily on following up on leads that have been generated through direct mail solicitation. Occasionally, we will utilize the services of an outside telemarketing firm to supplement our own efforts. Before calling potential customers our telemarketers are provided with information on a customer's buying history and past needs.

DIRECT MAIL

We believe one of the most cost efficient ways of generating sales is through the direct mailing of product catalogues to the purchaser of training products and materials at organizations having 100 or more employees. This is our prime target. According to Dun & Bradstreet, there are over 135,000 organizations in the United States with at least 100 people. However, during the past fiscal year, as a result of our very limited funds we have not been able to utilize this sales method.

COMPANY WEBSITE

Our experience during the past few years has been that increasingly corporate training managers and others responsible for the purchase of training videos are utilizing the internet to research and make their purchases. As a result, we anticipate spending available funds to upgrade our website's functionality by improving its overall design, and by adding additional features, such as the ability to preview videos online, broaden the website's database to include more content information on most videos, increase the website's search capabilities, and to generally make the website more user friendly.

Additionally, in an effort to increase traffic to our website, we have paid both Google and Yahoo for better placement on their search engines. We intend to continue to pay these search engines for prime placement, as our financial resources permit.

COMPETITION

The workforce training industry is highly fragmented, with low barriers to entry and no single competitor accounting for a dominant market share. Among our competitors are companies such as Media Partners Corp., the LearnCom Corporation, Coastal Training Technologies, and CRM Learning. Many of our competitors have a competitive edge, as demonstrated by the fact that these companies were able to spend significantly more money for the production, and marketing of new videos. Additionally, we compete with the internal training departments of companies and other independent education and training companies.

INTERNAL TRAINING DEPARTMENTS

We have learned that internal training departments generally provide companies with the most control over the method and content of training, enabling them to tailor the training to their specific needs. However, because internal trainers in many cases find it difficult to keep pace with new training concepts and technologies and lack the capacity to meet demand, organizations supplement their internal training resources with externally supplied training in order to meet their requirements.

INDEPENDENT TRAINING PROVIDERS

Our experience has revealed that independent training providers range in size and include publishers of texts, training manuals and newsletters, as well as providers of videos, software packages, training programs, and seminars.

As a result of the need for external training products and services, many large corporations have entered the field by establishing corporate training divisions. Among the larger competitors are: Times Mirror Corporation; Sylvan Learning Systems, Inc.; Berkshire Hathaway; and Harcourt General. Additional competitors currently producing training products include Blanchard Training & Development, Career Track, American Media, Pfeiffer & Company, CRM Films, Charthouse International, and Learning Works. In all cases, the companies listed above have established credibility within the training industry and, compared to us, have substantially greater name recognition and greater financial, technical, sales, marketing, and managerial resources.

The workforce training market is characterized by significant price competition, and we expect to face increasing price pressures from competitors as company training managers demand more value for their training budgets. There can be no assurance that we will be able to provide products that compare favorably with workforce instructor-led training techniques, interactive training software or other video programs, or that competitive pressures will not require us to reduce our prices significantly.

COMPANY HISTORY

We were incorporated in Delaware on October 31, 2006. From the date we were incorporated until March 1, 2007, we were a wholly owned subsidiary of Dematco, Inc., formerly Advanced Media Training Inc., a Delaware corporation (hereinafter "Dematco"). On December 10, 2006, our then parent Dematco acquired all the remaining outstanding shares of Dematco Ltd., and elected a new slate of directors and appointed new corporate officers. Concurrent with the acquisition, the new management of Dematco decided to change its core business to that of its just acquired company Dematco, Ltd., and to as soon as feasible cease all business activity related to its unrelated business of producing and distributing workforce training videos. The business of Dematco, Ltd. is the dematerializing or converting of financial instruments from paper form to electronic form so as to enable such instruments to be traded in a secure manner electronically on exchanges or exchange platforms on a peer to peer basis.

On March 1, 2007, to facilitate its exit from the training business, the Company and Dematco entered into an Asset and Liability Assumption Agreement, whereby the Company acquired all of Dematco's assets and liabilities related to the production and distribution of workforce training videos in exchange for 1,750,000 shares of the Company's common stock. The assets included distribution rights to twelve workforce training videos, its distribution contracts with other producers of related videos, accounts receivable totaling approximately \$9,000, the name Advanced Knowledge for use by a division of the Company, and the Advanced Knowledge website. As stated earlier, the training video business has been and currently is conducted under the dba Advanced Knowledge. The liabilities we assumed included approximately \$28,500, in accounts payable, an outstanding line of credit balance of \$12,000, and an outstanding credit card balance of approximately \$23,500.

Additionally, on March 1, 2007 Dematco's Board of Directors approved and agreed to a debt conversion agreement between three parties, namely, (i) Dematco as the parent company, (ii) us, as the then wholly owned subsidiary of Dematco, and (iii) our president, Buddy Young. Under the terms of the agreement, Mr. Young agreed to convert \$80,000 of the \$138,173 owed to him by the Company under a promissory note, to equity in exchange for Dematco's transfer of 1,000,000 shares of the Company's common stock to Mr. Young. As a result, Mr. Young became our principal shareholder, while Dematco retained 750,000 shares of our common stock. As a result of that transfer we were no longer a subsidiary of Dematco.

Further, on January 31, 2008, the Company as the creditor, entered into a Note Satisfaction and Exchange Agreement with Dematco as debtor, pursuant to which the Company forgave the principal amount of approximately \$30,000 owed to it by Dematco in exchange for Dematco's distribution of all of its interest in the Company (which interest consists of seven hundred and fifty thousand (750,000) shares of Progressive's common stock to Dematco's shareholders, as of March 25, 2008. As a result, Dematco no longer owns any shares of the Company, nor does it have any other relationship with or interest in us.

On March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$180,000 of debt due to the Company's President.

Since our inception, we have been engaged in the development, production and distribution of management and general workforce training videos for use by businesses throughout the world.

As a result of our very limited cash position we currently only have two part time consultants who assist with the marketing and 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. 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 year ended May 31, 2010, Mr. Young contributed non-cash compensation (representing the estimated value of services and value of the use of personal equipment contributed to the Company of \$41,600).

Item 2. Properties

We lease office space consisting of a total of approximately 750 square feet, from Encino Gardens LLC, an unaffiliated third party for \$900 per month, located at 17337 Ventura Boulevard, Suite 305, Encino, California 91316. The lease is on a month-to-month basis.

Item 3. Legal Proceedings

As of the date hereof, we are not a party to any material legal proceedings, and we are not aware of any such claims being contemplated against us.

Item 4. (Reserved)

PART 11

Item 5. Market For Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been quoted on the OTC Bulletin Board under the symbol "PRTR" since November 17, 2008. The following table sets forth the high and low sales prices for the Common Stock as reported by the OTC Bulletin Board during the periods indicated. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

| | High | Low |
|------------------------------|--------|--------|
| Year ended December 31, 2009 | | |
| 1st Quarter | \$0.51 | \$0.05 |
| 2nd Quarter | 0.12 | 0.05 |
| 3rd Quarter | 0.09 | 0.05 |
| 4th Quarter | 0.12 | 0.08 |
| Year ended December 31, 2008 | | |
| 1st Quarter | \$ NA | \$NA |
| 2nd Quarter | NA | NA |
| 3rd Quarter | NA | NA |
| 4th Quarter | 0.25 | 0.10 |

HOLDERS

As of May 31, 2010, we have 5,280,000 shares of common stock issued and outstanding held by approximately 190 shareholders of record. We currently have no outstanding options or warrants for the purchase of our common stock and have no securities outstanding which are convertible into common stock. We have not yet adopted or developed any plans to adopt any stock option, stock purchase or similar plan for our employees.

COMMON STOCK

The Company's certificate of incorporation provides for the authorization of 100,000,000 shares of common stock, \$0.0001 par value. As of May 31, 2010, 5,280,000 shares of common stock were issued and outstanding, all of which are fully paid and non-assessable.

DIVIDEND POLICY

We have not declared any cash dividends on our common stock since our inception and do not anticipate paying such dividends in the foreseeable future. We plan to retain any future earnings for use in our business. Any decisions as to future payments of dividends will depend on our earnings and financial position and such other facts as the board of directors deems relevant. We are not limited in our ability to pay dividends on our securities.

EQUITY COMPENSATION PLANS

We have not adopted any "equity compensation plans" and have not issued any securities under any such plan.

Item 6. Selected Financial Data

Not Applicable

Item 7. 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 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, 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 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. No such costs were incurred in the years ended May 31, 2010 or 2009.

RESULTS OF OPERATIONS

GENERAL

Our 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.

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. Further, as reflected in our financial statements, our revenues have been severely impacted by the current general economic condition. Corporations tend to reduce their training budgets during an economic slowdown.

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, 2011. Repayment is to be made when funds are available with the balance of principal and interest due December 31, 2011. On March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$180,000 of debt due to the Company's President. As of May 31, 2010, the Company owes Mr. Young a total of \$66,767 in principal, and a total of \$10,700 in related accrued interest.

We anticipate 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 year 2010.

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 portion of available cash flow for the production of new training videos. Further, in all probability, we will attempt to raise additional funds through the sale of equity, which may have a substantial dilutive effect on the holdings of existing shareholders.

If during the next twelve months our revenue is insufficient to continue operations, and we are unable to raise funds through the sale of additional equity, or from traditional borrowing sources, we may be required to totally abandon our business plan and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholders to be severely diluted.

FOR THE YEARS ENDED MAY 31, 2010 AND 2009

SELECT FINANCIAL INFORMATION

| | 2010 | 2009 |
|-------------------------------|--------------|--------------|
| Statements of Operation Data: | | |
| Revenue | \$98,125 | \$132,181 |
| Cost of revenues | 9,788 | 24,302 |
| Gross profit | 88,337 | 107,879 |
| Total expenses | 166,741 | 246,583 |
| Net loss after taxes | \$(79,204) | \$(139,504) |
| Net loss per share | \$(0.02) | \$(0.05) |
| Balance Sheet Data: | | |
| Total assets | \$13,577 | \$9,688 |
| Total liabilities | \$160,911 | \$119,418 |
| Stockholders' deficit | \$(147,334) | \$(109,730) |

REVENUES

Our net revenues for the year ended May 31, 2010 were \$98,125. Net revenues for the year ended May 31, 2009 were \$132,181. This represents a decrease of \$34,056. This decrease in revenues was caused by three major factors: (1) general economic conditions have caused 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. Gross product sales made up \$75,204 or approximately 62% of the gross revenue. Gross royalties earned from the sales of our product amounted to \$46,110 or approximately 38% of gross revenues during the year ended May 31, 2010 and \$55,000 during the year ended May 31, 2009. 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. Gross revenue from the sale of videos produced by other companies accounted for approximately 30% of gross product revenues.

COST OF REVENUES

The cost of revenues during the year ended May 31, 2010, was \$9,788 as compared to \$24,302 during the year ended May 31, 2009. The cost of revenues, as a percent of net revenues was 10% during the year ended May 31, 2010 and 18% during the year ended May 31, 2009. 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 up to 50% 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.

EXPENSES

Selling and Marketing expenses were \$13,595 for the year ended May 31, 2010 as compared to \$36,776 for the year ended May 31, 2009. This represents a decrease of \$23,181. The primary reason for the decrease is due to reduced consulting expenses incurred as a result of the termination of Howard Young's consulting agreement with the Company; those expenses were previously allocated equally between Selling and Marketing expenses and General and Administrative expenses. In addition, we experienced a decrease in our commission expense to \$3,401 during the year ended May 31, 2010 from \$7,502 during the year ended May 31, 2009. Our Selling and Marketing costs are directly affected by the number of new training products we introduce into the marketplace and the product mix of our sales.

General and administrative expenses for the year ended May 31, 2010 were \$147,050 as compared to \$197,409 for the year ended May 31, 2009. This represents a decrease of \$50,359. This decrease is mainly the result of a decrease in our professional and outside services in the amount of \$22,928, to \$58,124 during the year ended May 31, 2010 from \$81,052 during the year ended May 31, 2009. We also decreased our rent expense to \$15,600 during the year ended May 31, 2010 from \$29,709 during the year ended May 31, 2009 by moving to a smaller office space.

Research and development expenses were \$50 and \$36 for the year ended May 31, 2010, and 2009, respectively. 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 \$6,046 for the year ended May 31, 2010 and \$12,362 for the year ended May 31, 2009. This represents a decrease of \$6,316. The major reason for the decrease is that on March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company in exchange for a total of \$180,000 of debt due to the Company's President. Interest expense relates to our line of credit and borrowings from our principal shareholder. On May 31, 2010 our total term debt outstanding was \$106,105 as compared to \$54,988 on May 31, 2009.

NET LOSS

As a result of the aforementioned, our net loss was \$79,204 for the year ended May 31, 2010 and \$139,504 for the year ended May 31, 2009.

PLAN OF OPERATION

We will continue to devote our very limited resources to marketing and distributing workforce training videos and related training materials, through our website. At this time these efforts are focused on the sale of videos produced by third parties since these are generally newer and more accepted in the marketplace. Historically up to 50% of our revenue has been derived from these revenues, although such sales were only 30% in 2010 and 40% in 2009. 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?." If cash flow permits we will spend 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.

Pursuant to a March 24, 2010, non binding Letter of Intent between the Company and PharmCo. LLC., management, while conducting its operations as outlined above, will continue its negotiations to acquire all of the outstanding membership interests of PharmCo. LLC. Located in Florida, PharmCo. LLC operates a retail pharmacy in South Florida.

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 2011. The Company's marketing expenses and the production of new training videos will be adjusted accordingly.

If during the next twelve months our revenue is insufficient to continue operations, and we are unable to raise funds through the sale of additional equity, or are unsuccessful in completing the acquisition of all the PharmCo, LLP membership interests, we may be required to totally abandon our business plan and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholders to be severely diluted.

We currently have no full time employees. We do have two part time consultants 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. 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 year May 31, 2010, Mr. Young contributed non-cash compensation (representing the estimated value of services and the use of personal equipment contributed to the Company) of \$41,600.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital deficit was \$70,768 at May 31, 2010.

Our cash flows used by operations were \$45,197 during the year ended May 31, 2010. This is the result of our net loss in the amount of \$79,204, along with the increase in accounts receivable of \$3,215 offset by a reduction in our accounts payable of \$9,624.

Our cash flows used by operations were \$110,216 for the year ended May 31, 2009. This is the result of our net loss of \$139,504 along with cash used by accounts payable and accrued expenses of \$28,794, offset by decrease in our accounts receivable of \$16,482.

During the year ended May 31, 2010 and May 31, 2009 we did not use any cash for investing activities.

Our cash flows provided by financing activities were \$51,117 for the year ended May 31, 2010. This is the result of borrowing from a shareholder in the amount of \$50,505 along with borrowing on our line of credit in the amount of \$612.

Our cash flows provided by financing activities were \$110,924 for the year ended May 31, 2009. This is the result of borrowing from a shareholder in the amount of \$110,207 along with borrowing on our line of credit in the amount of \$717.

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 8,238 on May 31, 2010. 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, 2011. We owed our President a total of \$66,767 in principal under the agreement as of May 31, 2010. 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, 2011.

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 (5.48% at May 31, 2010). 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 May 31, 2010, was \$39,338.

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 December 31, 2011. 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 during the next twelve months our business remains depressed, mainly as a result of general economic conditions, and we are unable to raise the necessary funds through the sale of additional equity, or from traditional borrowing sources, we may be forced to further scale back our operations, or to totally abandon our business plan of producing and distributing workforce training videos, and seek other business opportunities in a related or unrelated industry. Such opportunities may include a reverse merger with a privately held company. The result of which could cause the existing shareholder to be severely diluted.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF PROGRESSIVE TRAINING, INC.:

We have audited the accompanying balance sheets of Progressive Training, Inc. as of May 31, 2010 and 2009, and the related statements of operations, shareholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 determined that it was 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, based on our audits, such financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/S/ FARBER HASS HURLEY LLP
CAMARILLO, CALIFORNIA
AUGUST 25, 2010

PROGRESSIVE TRAINING, INC.
BALANCE SHEETS
MAY 31, 2010 AND 2009

| | 2010 | 2009 |
|---|------------------|------------------|
| ASSETS | | |
| Cash | \$ 8,238 | \$ 2,318 |
| Accounts receivable, net of allowance for doubtful accounts of \$8,200, and \$4,000 | 4,439 | 5,424 |
| Property and equipment, net of accumulated depreciation of \$11,709 | - | - |
| Prepaid expenses and other assets | 900 | 1,946 |
| TOTAL ASSETS | \$ 13,577 | \$ 9,688 |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| LIABILITIES: | | |
| Line of credit | \$ 39,338 | \$ 38,726 |
| Accounts payable and accrued expenses | 44,106 | 57,582 |
| Accrued interest due to shareholder | 10,700 | 6,848 |
| Note payable due to shareholder | 66,767 | 16,262 |
| Total liabilities | 160,911 | 119,418 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' DEFICIT: | | |
| Common Stock, par value - \$.0001; 100,000,000 shares authorized; 5,280,000 shares issued and outstanding | 528 | 528 |
| Additional paid-in capital | 1,598,323 | 1,556,723 |
| Accumulated deficit | (1,746,185) | (1,666,981) |
| Total shareholders' deficit | (147,334) | (109,730) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | \$ 13,577 | \$ 9,688 |

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC.
 STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED MAY 31, 2010 AND 2009

| | 2010 | 2009 |
|----------------------------------|-------------|--------------|
| NET REVENUES | \$ 98,125 | \$ 132,181 |
| COST OF REVENUES | 9,788 | 24,302 |
| GROSS PROFIT | 88,337 | 107,879 |
| EXPENSES: | | |
| Selling and marketing | 13,595 | 36,776 |
| General and administrative | 147,100 | 197,445 |
| Interest expense | 6,046 | 12,362 |
| Total expenses | 166,741 | 246,583 |
| LOSS BEFORE INCOME TAXES | (78,404) | (138,704) |
| INCOME TAXES | 800 | 800 |
| NET LOSS | \$ (79,204) | \$ (139,504) |
| BASIC AND DILUTED LOSS PER SHARE | \$ (0.02) | \$ (0.05) |
| WEIGHTED AVERAGE SHARES | 5,280,000 | 2,904,658 |

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC.
 STATEMENTS OF SHAREHOLDERS' DEFICIT
 FOR THE YEARS ENDED MAY 31, 2010 AND 2009

| | COMMON STOCK | | ADDITIONAL | ACCUMULATED | TOTAL |
|-----------------------|--------------|--------|--------------------|----------------|--------------|
| | SHARES | AMOUNT | PAID-IN CAPITAL | (DEFICIT) | |
| BALANCE, MAY 31, 2008 | 2,280,000 | \$ 228 | \$ 1,335,423 | \$ (1,527,477) | \$ (191,826) |
| CONTRIBUTED CAPITAL | - | - | 41,600 | - | 41,600 |
| STOCK ISSUED FOR DEBT | 3,000,000 | 300 | 179,700 | - | 180,000 |
| NET LOSS | - | - | - | (139,504) | \$ (139,504) |
| BALANCE, MAY 31, 2009 | 5,280,000 | \$ 528 | \$ 1,556,723 | \$ (1,666,981) | \$ (109,730) |
| CONTRIBUTED CAPITAL | - | - | 41,600 | - | 41,600 |
| NET LOSS | - | - | - | (79,204) | \$ (79,204) |
| BALANCE, MAY 31, 2010 | 5,280,000 | \$ 528 | \$ 1,598,323 | \$ (1,746,185) | \$ (147,334) |

See accompanying notes to financial statements.

PROGRESSIVE TRAINING, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED MAY 31, 2010 AND 2009

| | 2010 | 2009 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (79,204) | \$ (139,504) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Contribution of capital for services | 41,600 | 41,600 |
| Provision for doubtful accounts | 4,200 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (3,215) | 16,482 |
| Prepaid expenses | 1,046 | - |
| Accounts payable and accrued expenses | (9,624) | (28,794) |
| Net cash used by operating activities | (45,197) | (110,216) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net borrowings (repayments) from (to) shareholder | 50,505 | 110,207 |
| Net borrowings (repayments) on line of credit | 612 | 717 |
| Net cash provided by financing activities | 51,117 | 110,924 |
| NET INCREASE (IN CASH) | 5,920 | 708 |
| CASH, BEGINNING OF PERIOD | 2,318 | 1,610 |
| CASH, END OF PERIOD | \$ 8,238 | \$ 2,318 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | \$ 2,195 | \$ 2,488 |
| Cash paid for income taxes | \$ 800 | \$ 800 |

See accompanying notes to financial statements

PROGRESSIVE TRAINING, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS BACKGROUND

Progressive 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. From August 10, 2004 through December 11, 2006 the business of the development, production and distribution of management and general workforce training videos was previously conducted under the name Advanced Media Training, Inc.

RECLASSIFICATIONS

Certain 2009 amounts have been reclassified to conform to presentation in 2010.

UNCLASSIFIED BALANCE SHEET

In accordance with the provisions of AICPA Statement of Position 00-2, "ACCOUNTING BY PRODUCERS OR DISTRIBUTORS OF FILMS," the Company has elected to present unclassified balance sheets.

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.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. Accounts receivable are unsecured and the Company is at risk to the extent such amount becomes uncollectible. The Company normally does not require collateral to support its accounts receivable. As of May 31, 2010, two customers accounted for approximately 25% of gross accounts receivable. As of May 31, 2009, one customer accounted for approximately 48% of gross accounts receivable.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments potentially subject to valuation risk (principally consisting of accounts receivable, accrued expenses, line of credit and note payable approximates fair value due to the short term maturities of such instruments.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with original maturity dates of three months or less when purchased to be cash equivalents. At May 31, 2010 there were no cash equivalents. The Company maintains its cash in a reputable bank which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

ACCOUNTS RECEIVABLE

Accounts receivable are reported at the customers' outstanding balances less any allowance for doubtful accounts. Interest is not accrued on overdue accounts receivable. The Company normally does not require advance payments on orders of products.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts on accounts receivable is charged to income in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and information collected from individual customers. Accounts receivable are charged off against the allowance when collectibility is determined to be permanently impaired (bankruptcy, lack of contact, age of account balance, etc).

PRODUCTION COSTS

The Company periodically incurs costs to produce new management training videos and 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 Company expensed no production costs in the years ended May 31, 2010 and 2009.

PROPERTY AND EQUIPMENT

Property and equipment were stated at cost. Depreciation were computed using the straight-line method over an estimated useful life of five years. All property and equipment were fully depreciated at May 31, 2010.

During fiscal year ended May 31, 2010, the Company disposed of all fully depreciated fixed assets. There is no property and equipment as of May 31, 2010. For its limited activity the Company is utilizing personal equipment of B. Young, President and CFO. Value of equipment use is recorded as part of non-cash compensation in Paid-in Capital.

LONG-LIVED ASSETS

Statement of Financial Accounting Standards No. 121, "Accounting For The Impairment of Long-Lived Assets and For Long-Lived Assets to Be Disposed of", requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value. The Company did not record any impairment loss in the year ended May 31, 2010.

REVENUE RECOGNITION

Sales are recognized upon shipment of videos and training manuals to the customer. Royalty income is earned from third-party sellers of our videos. Royalty income averages 30% of the sales price and is recorded upon receipt. Total royalty income amounted to \$46,110 and \$55,367 for the years ended May 31, 2010 and 2009, respectively. Rental income is recognized over the related period that the videos are rented. Total rental income amounted to \$225 and \$665 for the years ended May 31, 2010 and 2009, respectively. The Company's products may not be returned by the customer. Accordingly, the Company has made no provision for returns.

SIGNIFICANT CUSTOMERS

During the year ended May 31, 2010 the Company had two customers that accounted for 25% and 12% of the Company's net revenues. During the year ended May 31, 2009, the Company had one customer that accounted for 23% of the Company's net revenues. Foreign sales (primarily royalty income from Canada) amounted to \$46,110 and \$55,367 for the year ended May 31, 2010 and 2009, respectively.

ADVERTISING EXPENSE

The Company expensed advertising costs amounting to \$150 and \$-0- for the years ended May 31, 2010 and 2009, respectively. The Company does not conduct direct response advertising.

CONTRIBUTION OF SERVICES AND USE OF EQUIPMENT

The Company's President and majority shareholder does not receive compensation for his services. A total of \$41,600 was determined by management to be a fair value of his services and use of personal equipment to the Company on an annual basis and has been recorded as a contribution of capital for the years ended May 31, 2010 and 2009, respectively.

RESEARCH AND DEVELOPMENT

Company-sponsored research and development costs related to both present and future products are expensed. Such expenses were negligible in 2010 and 2009.

DISTRIBUTION AND SHIPPING COSTS

The Company's policy is to classify distribution and shipping costs as part of selling and marketing expenses on the statement of operations. The Company incurred distribution and shipping costs in the amounts of \$5,521 and \$6,028 for the years ended May 31, 2010 and 2009, respectively.

INCOME TAXES

The Company accounts for its income taxes under the provisions of in accordance with ASC Topic 740, Income Taxes. This standard requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of other assets and liabilities. The provision for income taxes for the years ended May 31, 2010 and 2009 represents the California corporate minimum franchise tax.

VALUE OF STOCK ISSUED FOR SERVICES

The Company periodically issues shares of its common stock in exchange for, or in settlement of, services. The Company's management values the shares issued in such transactions at either the then market price of the Company's common stock, as determined by the Board of Directors and after taking into consideration factors such as volume of shares issued or trading restrictions, or the value of the services rendered, whichever is more readily determinable.

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 May 31, 2010 and 2009, the Company had no potentially dilutive shares.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2009, the Financial Accounting Standards Board ("FASB") issued ASC Statement No. 105, the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("ASC 105"). ASC 105 will become the single source authoritative nongovernmental U.S. generally accepted accounting principles ("GAAP"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force, and related accounting literature. ASC 105 reorganized the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant SEC guidance organized using the same topical structure in separate sections. The Company adopted ASC 105 as of the financial statements ended November 30, 2009. The adoption of ASC 105 did not have an impact on the Company's financial position or results of operations.

Additionally, there are no recently issued accounting standards with pending adoptions that the Company's management currently anticipates will have any material impact upon its financial statements.

2. 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 (total interest rate was 5.48% at May 31, 2010). The line is callable upon demand.

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 leased its operating facility for \$2,500 per month in Encino, California under an operating lease which expired on August 31, 2009. The Company relocated to a smaller space and is renting the space for \$900 per month on a month-to-month basis. Rent expense was \$15,600 and \$29,709 for the years ended May 31, 2010 and 2009, respectively.

4. RELATED PARTY TRANSACTIONS

The Company had a consulting agreement with Howard Young, the son of Buddy Young (the Company's Chief Executive Officer) for administrative and sales consultation through November 2008. The fee was allocated equally between General and Administrative and Selling and Marketing expense in the Statement of Operations for the year ended May 31, 2009. Total expense was \$-0- and \$29,120 for the years ended May 31, 2010 and 2009, respectively.

The Company has an agreement with its President and majority shareholder to fund any shortfall in cash flow up to \$250,000 at 8% interest through June 30, 2011. The note is secured by all right, title and interest in and to the Company's 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, 2011. On March 16, 2009, the Company issued 3,000,000 shares of its common stock to its President in payment of \$180,000 on this note. As of May 31, 2010, the balance on the note and related accrued interest was \$66,767 and \$10,700, respectively.

5. SUBSEQUENT EVENT

On March 24, 2010, the Company entered into a non-binding Letter of Intent, (“LOI”), with PharmCo, LLC, (“PharmCo”). The LOI provides for a recapitalization of the Company with Pharmco surviving as the ongoing operating entity. The LOI also provides for the acquisition of all the Company’s existing assets by the Young Family Trust (the “Trust) as administered by Buddy Young, the Company’s CEO and President, in consideration of the Trust’s assumption of all the Company’s existing liabilities, as defined. The Company anticipates finalizing and closing this transaction on or before November 30, 2010.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9AT. 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 May 31, 2010 (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 this report, we believe that our financial statements contained in our Annual Report on Form 10-K for the year ended May 31, 2010 accurately present our financial condition, results of operations and cash flows in all material respects.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, for the Company.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management recognizes that there are inherent limitations in the effectiveness of any system of internal control, and accordingly, even effective internal control can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect material misstatements. In addition, effective internal control at a point in time may become ineffective in future periods because of changes in conditions or due to deterioration in the degree of compliance with our established policies and procedures.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in there being a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Under the supervision and with the participation of Buddy Young our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting, as of the Evaluation Date, based on the framework set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on its evaluation under this framework, management concluded that our internal control over financial reporting was not effective as of the Evaluation Date.

Management assessed the effectiveness of the Company's internal control over financial reporting as of Evaluation Date and identified the following material weaknesses:

Insufficient Resources: We have an inadequate number of personnel with requisite expertise in the key functional areas of finance and accounting.

Insufficient Written Policies & Procedures: We have insufficient written policies and procedures for accounting and financial reporting.

Lack of Audit Committee: We do not have a functioning audit committee resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures.

Management is committed to improving its internal controls and will (1) continue to use third party specialists to address shortfalls in staffing and to assist the Company with accounting and finance responsibilities, (2) increase the frequency of independent reconciliations of significant accounts which will mitigate the lack of segregation of duties until there are sufficient personnel and (3) prepare and implement sufficient written policies and checklists for financial reporting and closing processes and (4) may consider appointing an audit committee comprised of both management and outside board members in the future.

Management, including our Chief Executive Officer and the Chief Financial Officer, has discussed the material weakness noted above with our independent registered public accounting firm.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Annual Report.

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 fiscal quarter ended May 31, 2010 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.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the current officers and directors of Progressive Training:

| NAME | AGE | POSITION |
|-------------------|-----|--|
| Buddy Young | 75 | President, Chief Executive Officer, Chief Financial Officer and Chairman |
| David Leedy | 69 | Director |
| Dennis Spiegelman | 62 | Director |
| Mel Powell | 44 | Director |

Buddy Young has served as president, chief executive officer, chief financial officer and chairman of the board of directors of Progressive Training, Inc. since its inception in December 2006. From 1999 through December 10, 2006, Mr. Young served as an officer and director of Dematco, Inc., formerly known as Advanced Media Training, Inc. From the date of our incorporation through March 1, 2007, we were a wholly owned subsidiary of Dematco. From March 1998 until July 1999, Mr. Young served as president, executive officer, and a director of MGPX Ventures, Inc., now known as Contango Oil & Gas. From 1992 until July 1996, Mr. Young served as president and chief executive officer of Bexy Communications, Inc., a publicly held company, now known as Cheniere Energy, Inc. From June 1983 until December 1991, Mr. Young was president, chief executive officer and a director of Color Systems Technology, Inc., a publicly held company. Color Systems' major line of business was the use of its patented computer process for the conversion of black and white motion pictures to color. Prior to joining Color Systems, Mr. Young served from 1965 to 1975 as Director of West Coast Advertising and Publicity for United Artists Corporation, from 1975 to 1976 as Director

of Worldwide Advertising and Publicity for Columbia Pictures Corp., from 1976 to 1979 as Vice President of Worldwide Advertising and Publicity for MCA/Universal Pictures, Inc., and from 1981 to 1982 as a principal in the motion picture consulting firm of Powell & Young. For over thirty-five years, Mr. Young has been an active member of The Academy of Motion Picture Arts and Sciences and has served on a number of industry-wide committees.

David Leedy has served as a director of Progressive Training, Inc. since its inception in December 2006. He is a certified public accountant with many years of experience in establishing and managing corporate financial controls. In 1963 he began his career at Haskins & Sells (now Deloitte & Touche). He is now retired and resides in Texas. From 1994 through the end of 1995 he was Chief Operations/Financial Officer of Reel EFX, Inc., a special effects company whose operations included manufacturing and sales, equipment rentals, and special effects for movies, TV, commercials and live performances. Mr. Leedy retired when he resigned his position at Reel EFX in 1995. In 1993 he served as a Production Accountant at Games Animations/Nickelodeon-MTV. From 1989 through 1992, he served as a consultant to a number of film producers, distributors and foreign sales agents. From 1984 through 1989, he served as Sr. Vice President and Chief Financial Officer of Color Systems Technology, Inc. From 1975 through 1979, he served as Controller of MCA/Universal Pictures. Additionally, he authored and published a book on accounting for royalties in the motion picture industry in 1980, and co-authored another in 1988.

Dennis Spiegelman has served as a director of Progressive Training, Inc. since March 1, 2007. He previously had served as a director of Advanced Media Training. For 8 years he served as vice president, sales and marketing for Cast & Crew Entertainment Services, Inc., a position he accepted in April 1998. From 1995 to April 1998, Mr. Spiegelman was the senior vice president of sales and marketing for Axium Entertainment, Inc. In 2004, he returned to Axium as Sr. VP worldwide sales, and in 2006 he formed Spiegelman Entertainment Services, Inc.

Mel Powell has served as a director of Progressive Training, Inc. since March 1, 2007. He previously served as a director of Advanced Media Training. Mr. Powell brings a background in law, writing, and marketing to the Company. He attended Yale College as an undergraduate (B.A. 1985), and graduated from UCLA Law School in 1988. Mr. Powell is a member of the California Bar Association, and practiced family law from 1988 through 1992 at the Los Angeles based law firm of Trope & Trope. Since 1992 Mr. Powell has been self employed through his privately held company, Breakaway Entertainment. During his time at Breakaway, he has written feature screenplays, teleplays, radio scripts for Premiere Radio Networks, and scripts for corporate training videos.

Directors are elected in accordance with our bylaws to serve until the next annual stockholders meeting and until their successors are elected and qualified or until their earlier resignation or removal. Officers are elected by the board of directors and hold office until the meeting of the board of directors following the next annual meeting of stockholders and until their successors shall have been chosen and qualified. Any officer may be removed, with or without cause, by the board of directors. Any vacancy in any office may be filled by the board of directors.

Buddy Young, our President, Chief Executive Officer, Chief Financial Officer, has various outside business interests that preclude him from devoting full time to the operations of the Company. We anticipate that Mr. Young will continue to be able to only devote approximately one day per week of his respective time to our operations.

There are no family relationships between any directors or executive officers and any other director or executive officer of Progressive Training, Inc.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and officers, Buddy Young, David Leedy, Dennis Spiegelman and Mel Powell, were each required to file a Form 3 statement of beneficial ownership when we became an SEC reporting company on August 12, 2007. None of the Form 3 reports has yet been filed. Buddy Young has since acquired additional shares of our common stock in two transactions that should have been reported on Form 4 or Form 5, but were not. No Form 5 has been filed by any of these reporting persons for the 2008, 2009 or 2010 fiscal years. We have recently retained counsel to assist in making the necessary filings.

Audit Committee

Registrant does not currently have a standing audit committee of the board of directors. Therefore, Registrant also does not have an "audit committee financial expert," as defined by Item 407(d)(5) of Regulation S-K. However, one member of our board, David Leedy, meets the requirements set forth in the definition of "audit committee financial expert" and also qualifies as an independent director.

Code of Ethics

Because of our small operations, and in reliance on provisions of Delaware law that guard against management conflicts of interest and breaches of fiduciary duty, we currently have not adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Item 11. Executive Compensation

No compensation has been awarded to, earned by, or paid to Buddy Young, our Chief Executive Officer and Chief Financial Officer, or to any other executive officer of the company during the fiscal years ended May 31, 2008, 2009 and 2010.

During the years ended May 31, 2010, 2009 and 2008, Mr. Young devoted time and lent personal equipment to the development process of our Company. Compensation expense of approximately \$41,600 has been recorded for each of these years. As Mr. Young has waived reimbursement of this expense, the amount has been recorded as additional paid-in capital in each year.

EMPLOYMENT AND CONSULTING AGREEMENTS

We do not have any employment or consulting agreements with any of our executive officers. During the year ended May 31, 2010, Mr. Buddy Young received non-cash compensation (representing the estimated value of services and value of the use of personal equipment contributed to the Company of \$41,600).

OPTION/SAR GRANTS

We have not granted any options or stock appreciation rights to any of our executive officers or employees.

AGGREGATED OPTION/SAR EXERCISES

Since we have never granted any options or stock appreciation rights to any of our executive officers or employees, none exist to be exercised.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

We did not have any unexercised options, stock that had not vested, or equity incentive plan awards outstanding as of May 31, 2010.

COMPENSATION OF DIRECTORS

Directors of the Company did not receive any compensation for serving on the board or for attending any meetings during the fiscal year ended May 31, 2010. Directors who are also officers of the Company receive no additional consideration for their service as a director.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information about the beneficial ownership of our outstanding common stock by each person beneficially owning more than 5% of the shares, by each of our directors and officers, and by all of our directors and officers as a group. The table shows the number and percentage of shares held by each person as of August 25, 2010. The address of each person listed in the table is 17337 Ventura Boulevard, Suite 305, Encino, California 91316.

| NAME AND ADDRESS | NUMBER OF SHARES OWNED | PERCENTAGE OF CLASS | |
|---|------------------------------|------------------------|---|
| Young Family Trust (1) | 4,005,716 | 75.87 | % |
| David Leedy (2) | 10,000 | 0.19 | % |
| Mel Powell (3) | 10,000 | 0.19 | % |
| Dennis Spiegelman (3) | 10,000 | 0.19 | % |
| All officers and directors as a group (4 persons) | 4,035,716 | 76.43 | % |

(1) All of the shares beneficially owned by the Young Family Trust are also beneficially owned by Buddy Young and Rebecca Young, who, as co-trustees of the Trust, share voting and investment power over the shares. Buddy Young is a director and executive officer of Progressive Training and the Chief Executive Officer of the Company.

(2) Director, and Secretary

(3) Director

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of May 31, 2010, we did not have any compensation plans (including individual compensation arrangements) under which equity securities were authorized for issuance.

Item 13. Certain Relationships and Related Transactions, and Director Independence

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, 2011. 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, 2011. As of May 31, 2010, the Company has borrowed \$66,767 from Mr. Young. On March 16, 2009, the Company entered into an agreement to issue 3.0 million shares of restricted common stock of the Company to Mr. Young, in exchange for a total of \$180,000 of debt due to the Company's President.

Since the inception of the Company, we have not had a relationship with any outside promoters. However, our officers and directors are considered promoters, as that term is defined by Rule 405 of the Securities Act. During the fiscal year ended May 31, 2007, we issued stock to our officers and directors as consideration for services. Thus, these stock issuances are considered to be transactions with promoters.

Director Independence

Because our common stock is quoted on the OTC Bulletin Board, we are not subject to the listing requirements of any securities exchange regarding the independence of our directors. However, our Board of Directors has determined that as of May 31, 2010, a majority of our Board of Directors is comprised of “independent” directors within the meaning of the applicable rules for companies listed on The Nasdaq Stock Market. The Board determined that each of Mel Powell, David Leedy, and Dennis Spiegelman were independent.

Item 14. Principal Accountant Fees and Services

AUDIT FEES

The aggregate fees billed for professional services rendered by our principal accountants for the audit of our financial statements and for the reviews of the financial statements included in our annual report on Form 10-K and 10-Qs respectively, and for other services normally provided in connection with statutory filings were \$17,391 and \$30,059, respectively, in the years ended May 31, 2010 and May 31, 2009.

TAX FEES

The aggregate fees billed by our auditors for tax compliance matters were \$1,595 and \$1,565 in the fiscal years ended May 31, 2010 and May 31, 2009, respectively.

ALL OTHER FEES

We did not incur any fees for other professional services rendered by our independent auditors during the years ended May 31, 2010 and May 31, 2009.

Item 15. Exhibits

The following documents are included or incorporated by reference as exhibits to this report:

31.1 Certification of CEO and CFO 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 of CEO and CFO 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 Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROGRESSIVE TRAINING, INC.

By: /s/ Buddy Young
 Buddy Young, President and Chief Executive
 Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| Name | Title | Date |
|--|---|-----------------|
| /s/ Buddy Young Buddy Young | President, Chief Executive Officer, Chief Financial Officer and Director (Principal Executive, Financial and Accounting Officer) | August 30, 2010 |
| /s/ David Leedy David Leedy | Director | August 30, 2010 |
| /s/ Mel Powell Mel Powell | Director | August 30, 2010 |
| /s/ Dennis Spiegelman Dennis Spiegelman | Director | August 30, 2010 |

