SportsQuest, Inc.
Form 10-Q
October 15, 2008

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2008

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
For the transition period from **N/A** to **N/A**

Commission File No. **033-09218**

SportsQuest, Inc.
(Name of small business issuer as specified in its charter)

Delaware	**22-274564**
State of Incorporation	IRS Employer Identification No

1809 East Broadway #125, Oviedo, Florida 32765
(Address of principal executive offices)

(757) 572-9241
(Issuer’s telephone number)
Securities registered under Section 12(b) of the Exchange Act:
None
Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $0.0001 par value per share
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required 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 x No ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-Accelerated filer ¨ Small Business Issuer x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Transitional Small Business Disclosure Format (check one): Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at October 10, 2008**
Common stock, $0.0001 par value	13,763,151

SPORTSQUEST, INC.
INDEX TO FORM 10-QSB FILING
FOR THE THREE MONTHS ENDED AUGUST 31, 2008

TABLE OF CONTENTS

PART I
FINANCIAL INFORMATION

		PAGE
		Page Numbers
PART I - FINANCIAL INFORMATION		
Item 1.	Condensed Consolidated Financial Statements (unaudited)	
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Income	4
	Condensed Consolidated Statement of Cash Flows	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management Discussion & Analysis of Financial Condition and Results of Operations	11
Item 3	Quantitative and Qualitative Disclosures About Market Risk	15
Item 4.	Controls and Procedures	15
PART II - OTHER INFORMATION		
Item 1.	Legal Proceedings	16
Item 1A.	Risk Factors	17
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	23
Item 3.	Defaults Upon Senior Securities	24
Item 4.	Submission of Matters to a Vote of Security Holders	24
Item 5	Other information	24
Item 6.	Exhibits	24
CERTIFICATIONS		
	Exhibit 31 - Management certification	
	Exhibit 32 - Sarbanes-Oxley Act	

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

SPORTSQUEST, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS:

		August 31, 2008 (unaudited)		**May 31, 2008**
CURRENT ASSETS				
Cash	$	1,161	$	13,553
Prepaid expenses and other current assets		125,043		125,043
Total current assets		126,204		138,595
PROPERTY AND EQUIPMENT, net		6,766		7,099
Due from affiliate		693,576		717,077
Intangible assets - media content		-		10,000,000
Investment in unconsolidated subsidaries		4,653,750		3,903,750
TOTAL ASSETS	$	5,480,295	$	14,766,521
LIABILITIES AND STOCKHOLDERS' EQUITY:				
CURRENT LIABILITIES:				
Accounts payable	$	77,015	$	73,739
Accrued expenses and other liabilities		15,947		15,947
Notes from affiliates		3,903,750		3,903,750
Total current liabilities		3,996,712		3,993,436
COMMITMENTS AND CONTINGENCIES:		-		-
Convertible note payable		257,723		255,205
Bond payable		763,500		733,308
Total liabilities		5,017,935		4,981,950
STOCKHOLDERS' EQUITY:				
Preferred stock, $.0001 par value, 1,200,000 shares authorized, 100,000 issued as of August 31, 2008 and May 31, 2008, respectively		10		10
Common stock, $.0001 par value, 98,800,000 shares authorized, 13,014,494 and 12,397,597 issued and outstanding as of August 31, 2008 and May 31, 2008, respectively		1,302		1,240
Treasury stock		(10,000)		(10,000)
Additional Paid-in capital		586,400		9,833,995
Common stock subscribed, not issued		2,812,300		2,812,300
Accumulated deficit		(2,927,652)		(2,852,973)
Total stockholders' equity		462,360		9,784,571
	$	5,480,295	$	14,766,521

TOTAL LIABILITIES AND STOCKHOLDERS'
EQUITY

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

SPORTSQUEST, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2008 AND 2007

		2008 (unaudited)		**2007**
REVENUES:				
Revenue	$	-	$	28,183
		-		28,183
OPERATING EXPENSES:				
General and administrative expenses		34,092		14,283
Sales and marketing expenses		5,075		-
Depreciation and amortization		334		-
Total operating expenses		39,501		14,283
OPERATING LOSS		(39,501)		13,900
OTHER (INCOME) AND EXPENSES				
Interest expense		35,178		127,747
Total other expense		35,178		127,747
NET (LOSS)	$	(74,679)	$	(113,847)
NET (LOSS) INCOME PER SHARE:				
Basic and diluted:	$	(0.01)	$	(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted:		13,014,494		11,896,235

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

SPORTSQUEST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THREE MONTHS ENDED AUGUST 31, 2008 AND 2007

	2008 (unaudited)	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	$ (74,679)	$ (113,847)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	334	-
Changes in operating assets and liabilities:		
Prepaid and other current assets	-	-
Accounts payable	3,275	(19,397)
Accrued expenses and other liabilities	32,711	142,732
Net cash (used) in operating activities	(38,359)	9,488
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipement	-	(10,500)
Net cash (used in) by investing activities	-	(10,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received on Convertible notes	2,467	1,108
Notes from affiliates	23,500	-
Net cash provided by financing activities	25,967	1,108
(DECREASE) IN CASH	(12,392)	96
CASH, BEGINNING OF YEAR	13,553	-
CASH, END OF YEAR	$ 1,161	$ 96
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 32,711	$ 142,732
Taxes paid	$ -	$ -

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

5

SPORTSQUEST, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE ENDED AUGUST 31, 2008 and 2007

NOTE 1 - DESCRIPTION OF BUSINESS

SportsQuest, Inc. ("SportsQuest or Company") is a majority, 79%, owned subsidiary of DoMark. The Sportsquest business was created to develop, own and manage high end sports events and their operating entities, as well as executing a growth strategy involving acquisition of diverse and effective sports marketing platforms. SportsQuest was incorporated in April 3, 1986 in Delaware under the name Bay Head Ventures, Inc. The Company has been managing the US Pro Golf Tour and anticipates it will continue to manage USPGT for the foreseeable future. SportsQuest trades on the Pink Sheets under "SPQS.PK". SportsQuest holds significant value in content media and is refocusing is business model.

DoMark International, Inc. ("DoMark") was incorporated under the laws of the State of Nevada on March 30, 2006. The Company was formed to engage in the acquisition and refinishing of aged furniture using exotic materials and then reselling it through interior decorators, high-end consignment shops and online sales. The Company has abandoned it prior business of exotic furniture sales and is acquiring through acquisition and reverse merger operating entities that will bring value to the company.

On August 17, 2007,SportsQuest, Inc., entered into a Stock Issuance, Assumption and Release Agreement (the "Assumption Agreement"), by and among SportsQuest, Inc. and **Greens Worldwide Incorporated** ("Greens") and AJW Partners, LLC, AJW Offshore, Ltd., AJW Qualified Partners, LLC and New Millennium Capital Partners II, LLC (collectively, the "Greens Worldwide Investors"). The transactions contemplated by the Assumption Agreement include the following:

The issuance by Greens of 390,000 shares of its Series A Convertible Preferred Stock, par value $10.00 per share, to SportsQuest, Inc.; and;

The assumption by SportsQuest of 50% of Greens indebtedness to the Greens Worldwide Investors under a Securities Purchase Agreement, dated as of March 22, 2007, by and among Greens and the Greens Worldwide Investors (the "Greens Worldwide Agreement").

Greens is an unconsolidated subsidiary of SportsQuest, Inc.

NOTE 2 - BASIS OF PRESENTATION

Interim Financial Statements

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three period ended August 31, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the financial statements and footnotes thereto included in our Form 10-K Report for the fiscal year ended May 31, 2008.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

In June 2008, the FASB issued FSP Emerging Issues Task Force (“EITF”) Issue No. 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.” The FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. The FSP affects entities that accrue dividends on share-based payment awards during the awards’ service period when the dividends do not need to be returned if the employees forfeit the award. This FSP is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP EITF 03-6-1 on its consolidated financial position and results of operations.

Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an entity's Own Stock

In June 2008, the FASB ratified EITF Issue No. 07-5, "Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock" (EITF 07-5). EITF 07-5 provides that an entity should use a two step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of EITF 07-5 on its consolidated financial position and results of operations.

Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)

In May 2008, the FASB issued FSP Accounting Principles Board (“APB”) Opinion No. 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement).” The FSP clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. The FSP requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's nonconvertible debt (unsecured debt) borrowing rate when interest cost is recognized. The FSP requires bifurcation of a component of the debt, classification of that component in equity and the accretion of the resulting discount on the debt to be recognized as part of interest expense in our consolidated statement of operations. The FSP requires retrospective application to the terms of instruments as they existed for all periods presented. The FSP is effective as of January 1, 2009 and early adoption is not permitted. The Company is currently evaluating the potential impact of FSP APB 14-1 upon its consolidated financial statements.

The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" (FAS No.162). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The implementation of this standard will not have a material impact on the Company's consolidated financial position and results of operations.

Determination of the Useful Life of Intangible Assets

In April 2008, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position on Financial Accounting Standard (“FSP FAS”) No. 142-3, “Determination of the Useful Life of Intangible Assets”, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under SFAS No. 142 “Goodwill and Other Intangible Assets”. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of the expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007) “Business Combinations” and other U.S. generally accepted accounting principles. The Company is currently evaluating the potential impact of FSP FAS No. 142-3 on its consolidated financial statements.

Disclosure about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, “Disclosure about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133”, (SFAS 161). This statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The Company is required to adopt SFAS No. 161 on January 1, 2009. The Company is currently evaluating the potential impact of SFAS No. 161 on the Company’s consolidated financial statements.

Delay in Effective Date

In February 2008, the FASB issued FSP FAS No. 157-2, “Effective Date of FASB Statement No. 157”. This FSP delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The impact of adoption was not material to the Company’s consolidated financial condition or results of operations.

Business Combinations

In December 2007, the FASB issued SFAS No. 141(R) “Business Combinations” (SFAS 141(R)). This Statement replaces the original SFAS No. 141. This Statement retains the fundamental requirements in SFAS No. 141 that the acquisition method of accounting (which SFAS No. 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. The objective of SFAS No. 141(R) is to improve the relevance, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS No. 141(R) establishes principles and requirements for how the acquirer:

a. Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.

b. Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase.

c. Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may not be applied before that date. The Company does not expect the effect that its adoption of SFAS No. 141(R) will have on its consolidated results of operations and financial condition.

Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51

In December 2007, the FASB issued SFAS No. 160 “Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51” (SFAS No. 160). This Statement amends the original Accounting Review Board (ARB) No. 51 “Consolidated Financial Statements” to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 and may not be applied before that date. The does not expect the effect that its adoption of SFAS No. 160 will have on its consolidated results of operations and financial condition.

NOTE 4 - RELATED PARTY TRANSACTIONS

On February 15, 2008, the Company issued 500,000 of its common shares to a company director as compensation for a value of $75,000.

On August 16, 2007, Lextra Management Group, Inc., an event management company, acquired 51.16% of our issued and outstanding common stock pursuant to an Agreement dated June 26, 2007 by and among Lextra, our company and certain of our principal stockholders. Pursuant to the terms of this agreement, at the closing, Lextra acquired (a) 1,165,397 shares representing 51.16% of the issued and outstanding shares of our common stock from the selling stockholders for an aggregate purchase price of $116,500 and (b) an outstanding accounts receivable due to Air Brook Limousine by us in the amount of $340,000. At the closing, Air Brook Limousine cancelled the agreement dated August 10, 1993 under which Air Brook Limousine stipulated that it would fund our operations for as long as Air Brook Limousine deemed necessary and as long as it was financially able.

On August 16, 2007, 6,800,000 shares were issued for a value of $340,000 in exchange for release from debt to the Company’s affiliate.

On September 27, 2007, the Company completed an Exchange Agreement entered into on August 20, 2007 with Zaring-Cioffi Entertainment, LLC, a California limited liability company (“Zaring-Cioffi”), ZCE, Inc., a California corporation (“ZCE”), and Q-C Entertainment, LLC, a Washington limited liability company (“Q-C”). Pursuant to a Bring Down Agreement and Amendment (the “Bring Down and Amendment”), dated September 25, 2007, among the Company, Zaring/Cioffi Entertainment, Inc., Zce, David Quin (“Quin”) and Jeff Merriman Cohen (“Cohen”), Quin and Cohen, the sole members of Q-C, assumed the rights, obligations and liabilities of Q-C under the Exchange Agreement, as amended by the Bring Down and Amendment. Under the terms of the Exchange Agreement, as amended by the Bring Down and Amendment, the Company purchased 100% of the issued and outstanding shares of Zaring-Cioffi from its shareholders, ZCE, Quin and Cohen, in exchange for the issuance of 409,836 shares of restricted common stock of the Company to ZCE and 409,836 shares of restricted common stock of the Company to Cohen and Quin, which stock in the aggregate was valued at $500,000. In addition, the Company issued warrants (the “Warrants”) to purchase an aggregate 400,000 shares of restricted common stock of the Company to the shareholders of Zaring-Cioffi according to the following Schedule:

50,000 shares to each of ZCE and Quin Cohen at a strike price of $0.50 per share expiring December 31, 2007; 50,000 shares to each ZCE and Quin and Cohen at a strike price of $1.00 per share expiring December 31, 2008; and 100,000 shares to each of ZCE and Quin and Cohen at a strike price of $1.50 per share expiring December 31, 2009.

Furthermore, Quin and Cohen received, at no cost, a Bronze Level sponsorship position (or its equivalent) at all Zaring-Cioffi events through 2009.

Under the Bring Down and Amendment, the Company, Zaring-Cioffi, ZCE, Cohen and Quin also made the representations and warranties set forth in the Exchange Agreement as of closing and agreed that the representations and warranties would not survive the closing.

This matter is presently in litigation and the Company has been assured by its counsel that it will prevail in this matter. ZCE arbitration claims against the Company were withdrawn on September 22, 2008.

In August 2008, DoMark issued 500,000 shares to SportsQuest to buy out SportsQuest right to by Javaco, Inc. and wholly owned subsidiary of DoMark.

NOTE 5 - NET LOSS PER SHARE

Restricted shares and warrants are not included in the computation of the weighted average number of shares outstanding during the periods. The net loss per common share is calculated by dividing the consolidated loss by the weighted average number of shares outstanding during the periods.

NOTE 6 - EQUITY

During three months ended August 31, 2008:

Quarter Ended	Stock issued	Cash Received	Stock for Conversion of
August 31, 2008	-	2,467	616,900
Total Issued	-	2,467	616,900

During the three months ended August 31, 2008, the Company issued 616,900 shares of its common stock for the conversion of debt in the amount of $2,467 in accordance with the NIR Group convertible note agreement.

NOTE 7 - SUBSEQUENT EVENTS

On September 29, 2008, we executed an agreement with Veridigm, Inc., a Delaware corporation ("Veridigm"), shareholders of our Company and DoMark International, Inc., a Nevada Corporation (the "Agreement"), whereby pursuant to the terms and conditions of that Agreement, Veridigm acquired nine million, nine hundred and seventy three thousand, three hundred and ninety seven (9,973,397) shares of our common stock and one hundred thousand (100,000) shares of our preferred stock As a condition to this acquisition, Veridigm is required to assign certain assets to DoMark. Unless extended by mutual consent of the parties, the closing shall occur on or before October 17, 2008. In the event certain closing conditions are not satisfied, Veridigm shall transfer to DoMark the judgment arising from VRGD (f/k/a E-Notes Systems Inc, Plaintiff) vs. TOTALMED SYSTEMS INC., in return for Fifty thousand (50,000) shares of common stock of DoMark.

10

On October 10, 2008 the Company was approved by FINRA to receive clearance to enter quotations on the OTC Bulletin Board.

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

Management's Discussion and Analysis contains various "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding future events or the future financial performance of the Company that involve risks and uncertainties. Certain statements included in this Form 10-QSB, including, without limitation, statements related to anticipated cash flow sources and uses, and words including but not limited to "anticipates", "believes", "plans", "expects", "future" and similar statements or expressions, identify forward looking statemen Any forward-looking statements herein are subject to certain risks and uncertainties in the Company's business, including but not limited to, reliance on key customers and competition in its markets, market demand, product performance, technological developments, maintenance of relationships with key suppliers, difficulties of hiring or retaining key personnel and any changes in current accounting rules, all of which may be beyond the control of the Company. The Company adopted at management's discretion, the most conservative recognition of revenue based on the most astringent guidelines of the SEC in terms of recognition of software licenses and recurring revenue. Management will elect additional changes to revenue recognition to comply with the most conservative SEC recognition on a forward going accrual basis as the model is replicated with other similar markets (i.e. SBDC). The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth therein.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include those identified in the section titled "Risk Factors" in the Company's Annual Report on Form 10-K for the transition period ended May 31, 2008, as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may affect generally our business, results of operations and financial position. Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

Overview

Target Acquisitions

We have targeted several other sports entities for acquisition and believe that we will be successful in an acquisition strategy to grow our sports marketing platforms.

Title Sponsorship

We have executed an agreement with NewsUSA to provide a presenting title media sponsorship in the form of $10 million of print and radio media for promotion of us and our subsidiaries. The Company has rescinded this agreement and Domark International, Inc. has entered into a separate agreement for this media.

Competitors

We compete with many providers of sports entertainment events. There are many event management and sports marketing firms with more resources, operating history and projects than we have.

Management believes that we have no direct golf tour competitors. We do not consider the PGA Tour a competitor because the PGA Tour has more resources, player names, broader television rights agreements, and is the governing body for Professional Golf in the United States. Because of these factors we cannot compete with the PGA Tour.

There are many golf mini tours throughout the United States, none of which have our amenities, television and media coverage, operational expertise, or funding. As such, they do not represent any significant competition to us.

Revenues

Revenue from product sales is recognized upon shipment to customers at which time such customers are invoiced. Units are shipped under the terms of FOB shipping point when determination is made that collectibility is probable. Revenues for services are recognized upon completion of the services. For consulting services and other fee-for-service arrangements, revenue is recognized upon completion of the services. The Company has adopted the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 104, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements.

Additional Information

SportsQuest files reports and other materials with the Securities and Exchange Commission. These documents may be inspected and copied at the Securities and Exchange Commission, Judiciary Plaza, 100 F Street, N.E., Room 1580, and Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also get copies of documents that the Company files with the Commission through the Commission's Internet site at www.sec.gov.

Results of Operations

Revenues for the three months ended August 31, 2008 decreased to $0.00 from $28,183 for the three months ended August 31, 2007 respectively. Our future revenue plan is dependent on our ability to effectively introduce new viable acquisitions to provide value to our shareholders.

General and administrative expenses for the three months ended August 31, 2008 increased to $34,092 from $14,283 for three months ended August 31, 2007. The increase in general and administrative expenses relates to increased costs of being a public reporting company, including costs associated with our filings with the U.S. Securities and Exchange Commission which matches with our overall business plan, and increase in the use of consulting firms.

Selling and marketing expenses for three months ended August 31, 2008 increase to $5,075 from $0.00 for three months ended August 31, 2007. The increase in sales and marketing services relates to costs associated with hiring investor relations firms, and marketing firms.

Depreciation and amortization for three months ended August 31, 2008 increased to $334 from $0.00 for three months ended August 31, 2007. The increase in depreciation and amortization relates to the purchase of new equipment to prepare our product associated with our marketing plan.

The Company incurred losses of approximately $74,679, and $113,847 for the three months ended August 31, 2007, respectively. Our losses since our inception through August 31, 2008 amount to $2,927,652.

Liquidity and Capital Resources

The Company has maintained a minimum of three months of working capital in the bank since September of 2005. This reserve was intended to allow for an adequate amount of time to secure additional funds from investors as needed. To date, the Company has not succeeded in securing capital as needed.

The Company's operating activities (used) provided by ($38,358) and $9,488 in the three months ended August 31, 2008 and 2007 respectively. The difference is mainly attributable to the increase in operating expenses in the current year.

Cash used by investing activities was $0.00 and $10,500 for the three months ended August 31, 2008 and 2007, respectively. The decrease is due to a decrease in purchase of equipment to develop our products.

Cash provided by financing activities was $25,967 and $1,108 for the three months ended August 31, 2008 and 2007, respectively. The increase is due to an increase in notes from affiliates to operate the Company.

On August 16, 2007, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”), by and among the Company and AJW Partners, LLC, AJW Master Fund, Ltd. and New Millennium Capital Partners II, LLC (collectively, the “Air Brook Investors”). The transactions contemplated by the Purchase Agreement will result in a funding of a total of $1,500,000 into the Company.

The Purchase Agreement provided for the sale by the Company to the SportsQuest Investors of callable secured convertible notes with an aggregate face amount of $1,500,000, plus interest (the “Facility Notes”). The Air Brook Investors purchased from the Company at closing Facility Notes with an aggregate face amount of $500,000 and are required to purchase additional Facility Notes with an aggregate face amount of $500,000 from the Company upon each of (i) the filing of the registration statement required by the Registration Rights Agreement and (iii) the declaration of effectiveness of such registration statement by the Securities and Exchange Commission. The Facility Notes accrue interest at a rate of 8% per year, require quarterly interest payments in certain circumstances related to the market price of the Company’s common stock, and are due and payable on August 16, 2010 (the “Maturity Date”). The Company is not required to make any principal payments until the Maturity Date, but it has the option to prepay the amounts due under the Facility Notes in whole or in part at any time, subject to the payment of varying prepayment penalties depending on the time of such prepayment, as set forth in the Facility Notes. The Facility Notes are convertible into common stock of the Company at a discount to the then current fair market value of the Company’s common stock, as set forth in the Facility Notes.

In addition, the Purchase Agreement provided for the issuance by the Company to the SportsQuest Investors of warrants to purchase 10,000,000 shares of the Company’s common stock (the “Warrants”). Each Warrant permits its holder to acquire shares of the Company’s common stock at an exercise price of $0.25 per share at any time through August 16, 2014.

The Company recorded discounts of $833,333 related to the $1,000,000 worth of Facility Notes issued during 2007. These discounts have been reflected as additional paid in capital. Based on present revenues and expenses, we are unable to generate sufficient funds internally to sustain our current operations. We must raise additional capital or other borrowing sources to continue our operations. It is management’s plan to seek additional funding through the sale of common stock and the issuance of notes and debentures, including notes and debentures convertible into common stock. If we issue additional shares of common stock, the value of shares of existing stockholders is likely to be diluted.

However, the terms of the convertible secured debentures issued to certain of the existing stockholders require that we obtain the consent of such stockholders prior to our entering into subsequent financing arrangements. No assurance can be given that we will be able to obtain additional financing, that we will be able to obtain additional financing on terms that are favorable to us or that the holders of the secured debentures will provide their consent to permit us to enter into subsequent financing arrangements.

Our future revenues and profits, if any, will primarily depend upon our ability to secure sales of our sponsorship and media products. We do not presently generate significant revenue from the sales of our products. Although management believes that our products are competitive for customers seeking local, regional and national exposure, we cannot forecast with any reasonable certainty whether our products will gain acceptance in the marketplace and if so by when.

Except for the limitations imposed upon us respective to the convertible secured debentures, there are no material or known trends that will restrict either short term or long-term liquidity.

Off-Balance Sheet Arrangements

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

Other Considerations

There are numerous factors that affect the business and the results of its operations. Sources of these factors include general economic and business conditions, federal and state regulation of business activities, the level of demand for product services, the level and intensity of competition in the media content industry, and the ability to develop new services based on new or evolving technology and the market's acceptance of those new services, our ability to timely and effectively manage periodic product transitions, the services, customer and geographic sales mix of any particular period, and our ability to continue to improve our infrastructure including personnel and systems to keep pace with our anticipated rapid growth.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Our management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

Stock Based Compensation

In December 2004, the FASB issued a revision of SFAS No. 123 ("SFAS No. 123(R)") that requires compensation costs related to share-based payment transactions to be recognized in the statement of operations. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be re-measured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS No. 123(R) replaces SFAS No. 123 and is effective as of the beginning of January 1, 2006. Based on the number of shares and awards outstanding as of December 31, 2005 (and without giving effect to any awards which may be granted in 2006), we do not expect our adoption of SFAS No. 123(R) in January 2006 to have a material impact on the financial

statements.

FSP FAS 123(R)-5 was issued on October 10, 2006. The FSP provides that instruments that were originally issued as employee compensation and then modified, and that modification is made to the terms of the instrument solely to reflect an equity restructuring that occurs when the holders are no longer employees, then no change in the recognition or the measurement (due to a change in classification) of those instruments will result if both of the following conditions are met: (a). There is no increase in fair value of the award (or the ratio of intrinsic value to the exercise price of the award is preserved, that is, the holder is made whole), or the antidilution provision is not added to the terms of the award in contemplation of an equity restructuring; and (b). All holders of the same class of equity instruments (for example, stock options) are treated in the same manner. The provisions in this FSP shall be applied in the first reporting period beginning after the date the FSP is posted to the FASB website. The Company has adopted SP FAS 123(R)-5 but it did not have a material impact on its consolidated results of operations and financial condition.

Accounting Policies and Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results may differ from management's initial estimates as reported. A summary of significant accounting policies are detailed in notes to the financial statements which are an integral component of this filing.

Additional Information

We file reports and other materials with the Securities and Exchange Commission. These documents may be inspected and copied the Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains a web site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do hold any derivative instruments but do not engage in any hedging activities. We are in the business of acquiring successfully operating subsidiaries to build the value of our Company.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

15

Management's Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

Our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting as of August 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on this evaluation, our management, with the participation of the President, concluded that, as of August 31, 2008, our internal control over financial reporting was effective.

(b) *Changes in Internal Control over Financial Reporting.* There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company may become involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, except as discussed below, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

Subsequent from the completion of the Exchange Agreement and Bring Down and Amendment agreement dated September 25, 2007 with Zaring-Cioffi Entertainment, LLC, a California limited liability company ("Zaring-Cioffi"), ZCE, Inc., a California corporation ("ZCE"), and Q-C Entertainment, LLC, a Washington limited liability company ("Q-C"), the Company uncovered discrepancies in the representations of certain ZCE principals and management and the operations of ZCE. The Company is currently involved in assessing these discrepancies and determining the best course of action. As a result, the management of ZCE has been terminated for cause.

On April 3, 2008, the Company filed a lawsuit against ZC Entertainment and John Zaring for $20,000 in the Circuit Court of Chesapeake Virginia in connection with a promissory note. This suit by the Company is related to an advance made by the Company prior to the closing. The Company made demand on ZCE and the guarantor, John Zaring, but the promissory note was not paid in accordance with its terms.

In connection with the litigation above, John Zaring and Bianca Cioffi filed a claim against us with the American Arbitration Association ("AAA"), however, as of September 22, 2008 their claims in arbitration against the Company have been withdrawn and canceled.

ITEM 1A - Risk Factors

You should carefully consider the following risk factors before making an investment decision. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In such cases, the trading price of our common stock could decline and you may lose all or a part of your investment.

OUR COMMON STOCK IS SUBJECT TO PENNY STOCK REGULATION

Our shares are subject to the provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act. The Commission generally defines penny stock to be any equity security that has a market price less than $5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; authorized for quotation on the NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least $5.00 per share) or the registrant's net tangible assets; or exempted from the definition by the Commission. Since our shares are deemed to be "penny stock", trading in the shares will be subject to additional sales practice requirements on broker/dealers who sell penny stock to persons other than established customers and accredited investors.

WE MAY NOT HAVE ACCESS TO SUFFICIENT CAPITAL TO PURSUE OUR BUSINESS AND THEREFORE WOULD BE UNABLE TO ACHIEVE OUR PLANNED FUTURE GROWTH:

We intend to pursue a growth strategy that includes development of the Company business and technology. Currently we have limited capital which is insufficient to pursue our plans for development and growth. Our ability to implement our growth plans will depend primarily on our ability to obtain additional private or public equity or debt financing. We are currently seeking additional capital. Such financing may not be available at all, or we may be unable to locate and secure additional capital on terms and conditions that are acceptable to us. Our failure to obtain additional capital will have a material adverse effect on our business.

OUR LACK OF DIVERSIFICATION IN OUR BUSINESS SUBJECTS INVESTORS TO A GREATER RISK OF LOSSES

All of our efforts are focused on the development and growth of that business and its technology in an unproven area. Although the medical billing is substantial, we can make no assurances that the marketplace will accept our products.

BECAUSE WE ARE QUOTED ON THE OTCBB INSTEAD OF AN EXCHANGE OR NATIONAL QUOTATION SYSTEM, OUR INVESTORS MAY HAVE A TOUGHER TIME SELLING THEIR STOCK OR EXPERIENCE NEGATIVE VOLATILITY ON THE MARKET PRICE OF OUR STOCK.

Our common stock is traded on the OTCBB. The OTCBB is often highly illiquid, in part because it does not have a national quotation system by which potential investors can follow the market price of shares except through information received and generated by a limited number of broker-dealers that make markets in particular stocks. There is a greater chance of volatility for securities that trade on the OTCBB as compared to a national exchange or quotation system. This volatility may be caused by a variety of factors, including the lack of readily available price quotations, the absence of consistent administrative supervision of bid and ask quotations, lower trading volume, and market conditions. Investors in our common stock may experience high fluctuations in the market price and volume of the trading market for our securities. These fluctuations, when they occur, have a negative effect on the market price for our securities. Accordingly, our stockholders may not be able to realize a fair price from their shares when they determine to sell them or may have to hold them for a substantial period of time until the market for our common stock improves.

FAILURE TO ACHIEVE AND MAINTAIN EFFECTIVE INTERNAL CONTROLS IN ACCORDANCE WITH SECTION 404 OF THE SARBANES-OXLEY ACT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS AND OPERATING RESULTS.

It may be time consuming, difficult and costly for us to develop and implement the additional internal controls, processes and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal auditing and other finance staff in order to develop and implement appropriate additional internal controls, processes and reporting procedures. If we are unable to comply with these requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires of publicly traded companies.

If we fail to comply in a timely manner with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, beginning with our annual report on Form 10-K for our fiscal period ending May 31, 2008, we will be required to prepare assessments regarding internal controls over financial reporting and beginning with our annual report on Form 10-K for our fiscal period ending May 31, 2009, furnish a report by our management on our internal control over financial reporting. We have begun the process of documenting and testing our internal control procedures in order to satisfy these requirements, which is likely to result in increased general and administrative expenses and may shift management time and attention from revenue-generating activities to compliance activities. While our management is expending significant resources in an effort to complete this important project, there can be no assurance that we will be able to achieve our objective on a timely basis. There also can be no assurance that our auditors will be able to issue an unqualified opinion on management's assessment of the effectiveness of our internal control over financial reporting. Failure to achieve and maintain an effective internal control environment or complete our Section 404 certifications could have a material adverse effect on our stock price.

18

In addition, in connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover "material weaknesses" in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines "significant deficiency" as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected.

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal control over financial reporting, to remediate any material weaknesses that we may identify or to implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of the periodic management evaluations of our internal controls and, in the case of a failure to remediate any material weaknesses that we may identify, would adversely affect the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

THE REPORT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM CONTAINS EXPLANATORY LANGUAGE THAT SUBSTANTIAL DOUBT EXISTS ABOUT OUR ABILITY TO CONTINUE AS A GOING CONCERN

The independent auditor's report on our financial statements contains explanatory language that substantial doubt exists about our ability to continue as a going concern. The report states that we depend on the continued contributions of our executive officers to work effectively as a team, to execute our business strategy and to manage our business. The loss of key personnel, or their failure to work effectively, could have a material adverse effect on our business, financial condition, and results of operations. If we are unable to obtain sufficient financing in the near term or achieve profitability, then we would, in all likelihood, experience severe liquidity problems and may have to curtail our operations. If we curtail our operations, we may be placed into bankruptcy or undergo liquidation, the result of which will adversely affect the value of our common shares.

OPERATING HISTORY AND LACK OF PROFITS WHICH COULD LEAD TO WIDE FLUCTUATIONS IN OUR SHARE PRICE. THE PRICE AT WHICH YOU PURCHASE OUR COMMON SHARES MAY NOT BE INDICATIVE OF THE PRICE THAT WILL PREVAIL IN THE TRADING MARKET. YOU MAY BE UNABLE TO SELL YOUR COMMON SHARES AT OR ABOVE YOUR PURCHASE PRICE, WHICH MAY RESULT IN SUBSTANTIAL LOSSES TO YOU. THE MARKET PRICE FOR OUR COMMON SHARES IS PARTICULARLY VOLATILE GIVEN OUR STATUS AS A RELATIVELY UNKNOWN COMPANY WITH A SMALL AND THINLY TRADED PUBLIC FLOAT, LIMITED

The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, as noted above, our common shares are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, we are a speculative or “risky” investment due to our limited operating history and lack of profits to date, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our common shares, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common shares will be at any time, including as to whether our common shares will sustain their current market prices, or as to what effect that the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

VOLATILITY IN OUR COMMON SHARE PRICE MAY SUBJECT US TO SECURITIES LITIGATION, THEREBY DIVERTING OUR RESOURCES THAT MAY HAVE A MATERIAL EFFECT ON OUR PROFITABILITY AND RESULTS OF OPERATIONS.

As discussed in the preceding risk factors, the market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management’s attention and resources.

RISKS RELATING TO OUR CURRENT FINANCING ARRANGEMENT:

THERE ARE A LARGE NUMBER OF SHARES UNDERLYING OUR SECURED CONVERTIBLE NOTES AND WARRANTS THAT MAY BE AVAILABLE FOR FUTURE SALE AND THE SALE OF THESE SHARES MAY DEPRESS THE MARKET PRICE OF OUR COMMON STOCK.

As of August 31, 2008, we had 13,014,494 shares of common stock issued and outstanding.

On August 16, 2007, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), dated as of August 16, 2007, by and among the Company and AJW Partners, LLC, AJW Master Fund, Ltd. and New Millennium Capital Partners II, LLC (collectively, the "Air Brook Investors"). The transactions contemplated by the Purchase Agreement will result in a funding of a total of $1,500,000 into the Company. The Company completed these transactions on August 16, 2007.

The Purchase Agreement provided for the sale by the Company to the Air Brook Investors of callable secured convertible notes with an aggregate face amount of $1,500,000, plus interest (the "Facility Notes"). The Air Brook Investors purchased from the Company at closing Facility Notes with an aggregate face amount of $500,000 and are required to purchase additional Facility Notes with an aggregate face amount of $500,000 from the Company upon each of (i) the filing of the registration statement required by the Registration Rights Agreement and (iii) the declaration of effectiveness of such registration statement by the Securities and Exchange Commission. The Facility Notes accrue interest at a rate of 8% per year, require quarterly interest payments in certain circumstances related to the market price of the Company's common stock, and are due and payable on August 16, 2010 (the "Maturity Date"). The Company is not required to make any principal payments until the Maturity Date, but it has the option to prepay the amounts due under the Facility Notes in whole or in part at any time, subject to the payment of varying prepayment penalties depending on the time of such prepayment, as set forth in the Facility Notes. The Facility Notes are convertible into common stock of the Company at a discount to the then current fair market value of the Company's common stock, as set forth in the Facility Notes.

In addition, the Purchase Agreement provided for the issuance by the Company to the Air Brook Investors of warrants to purchase 10,000,000 shares of the Company's common stock (the "Warrants"). Each Warrant permits its holder to acquire shares of the Company's common stock at an exercise price of $0.25 per share at any time through August 16, 2014.

THE CONTINUOUSLY ADJUSTABLE CONVERSION PRICE FEATURE OF OUR SECURED CONVERTIBLE NOTES MAY HAVE A DEPRESSIVE EFFECT ON THE PRICE OF OUR COMMON STOCK.

The secured convertible notes issued under the Securities Purchase Agreement, dated August 16, 2007, are convertible into shares of our common stock at a 40% discount to the trading price of the common stock before conversion; provided, however, such percentage shall increase to 70% in the event that the registration statement becomes effective on or before a date to be negotiated by us and the selling stockholders owning secured convertible notes. The secured convertible notes issued by us under the Stock Issuance, Assumption and Release Agreement are convertible into our common stock at a 75% discount to the trading price of the common stock before conversion.

The significant downward pressure on the price of the common stock as the selling stockholders convert and sell material amounts of common stock could have an adverse effect on our stock price. In addition, not only the sale of shares issued on conversion or exercise of secured convertible notes and warrants, but also the mere perception that these sales could occur, may adversely affect the market price of the common stock.

THE ISSUANCE OF SHARES ON CONVERSION OF THE SECURED CONVERTIBLE NOTES AND EXERCISE OF OUTSTANDING WARRANTS MAY CAUSE IMMEDIATE AND SUBSTANTIAL DILUTION TO EXISTING STOCKHOLDERS.

The issuance of shares on conversion of the secured convertible notes and exercise of warrants may result in substantial dilution to the interests of other stockholders because the selling stockholders may ultimately convert and sell the full amount issuable on conversion. Although AJW Partners, LLC, AJW Master Fund, Ltd., and New Millennium Capital Partners II, LLC may not convert their secured convertible notes and/or exercise their warrants if such conversion or exercise would cause them to own more than 4.99% of our outstanding common stock, this restriction does not prevent AJW Partners, LLC, AJW Master Fund, Ltd., and New Millennium Capital Partners II, LLC from converting and/or exercising some of their holdings and then converting the rest of their holdings. In this way, AJW Partners, LLC, AJW Master Fund, Ltd., and New Millennium Capital Partners II, LLC could sell more than this limit while never holding more than this limit. There is no upper limit on the number of shares that may be issued that will have the effect of further diluting the proportionate equity interest and voting power of holders of our common stock.

IF OUR STOCK PRICE DECLINES, SHARES OF COMMON STOCK ALLOCATED FOR CONVERSION OF THE SECURED CONVERTIBLE NOTES AND REGISTERED PURSUANT TO THIS PROSPECTUS MAY NOT BE ADEQUATE AND WE MAY BE REQUIRED TO FILE A SUBSEQUENT REGISTRATION STATEMENT COVERING ADDITIONAL SHARES. IF THE SHARES WE HAVE ALLOCATED AND REGISTERED ARE NOT ADEQUATE AND WE ARE REQUIRED TO FILE AN ADDITIONAL REGISTRATION STATEMENT, WE WILL INCUR SUBSTANTIAL COSTS.

Based on our current market price and the potential decrease in our market price as a result of the issuance of shares on conversion of the secured convertible notes, we have made a good faith estimate of the number of shares of common stock that we are required to register and allocate for conversion of the secured convertible notes. Accordingly, we have allocated 18,012,500 shares to cover the conversion of the secured convertible notes. If our stock price decreases, the shares of common stock we have allocated for conversion of the secured convertible notes and are registering may not be adequate. If the shares we have allocated to the registration statement are not adequate and we are required to file an additional registration statement, we will incur substantial costs in connection with the preparation and filing of such registration statement.

IF WE ARE REQUIRED FOR ANY REASON TO REPAY OUR OUTSTANDING SECURED CONVERTIBLE NOTES, WE WOULD BE REQUIRED TO DEPLETE OUR WORKING CAPITAL, IF AVAILABLE, OR RAISE ADDITIONAL FUNDS. OUR FAILURE TO REPAY THE SECURED CONVERTIBLE NOTES, IF REQUIRED, COULD RESULT IN LEGAL ACTION AGAINST US. THIS COULD REQUIRE THE SALE OF SUBSTANTIAL ASSETS.

On August 16, 2007, we entered into a Securities Purchase Agreement for the sale of an aggregate principal amount of $1,500,000 of secured convertible notes, which are due and payable three years from the date of issuance, unless sooner converted into shares of our common stock. On August 17, 2007, we assumed $3,903,750 of secured convertible notes of a subsidiary in exchange for preferred stock in that subsidiary, which convertible notes are due and payable on March 22, 2010, unless sooner converted into shares of our common stock. We currently have an aggregate principal amount of $4,566,610 of secured convertible notes outstanding.

In addition, any event of default such as our failure to repay the principal when due, our failure to issue shares of common stock on conversion by holders, our failure to timely file a registration statement or have such registration statement declared effective, breach of any covenant, representation or warranty in the convertible note or any related agreement, the assignment or appointment of a receiver to control a substantial part of our property or business, the filing of a money judgment, writ or similar process against us in excess of certain specified amounts, the commencement of a bankruptcy, insolvency, reorganization or liquidation proceeding against us and the delisting of our common stock could require the early repayment of the secured convertible notes, including the imposition of a default interest rate of 15% on the outstanding principal balance of the notes if the default is not cured with the specified grace period. We anticipate that the full amount of the secured convertible notes will be converted into shares of our common stock in accordance with their terms. If we were required to repay the secured convertible notes, we would be required to use our limited working capital and raise additional funds. If we were unable to repay the notes when required, the noteholders could commence legal action against us and foreclose on all of our assets to recover the amounts due. Any such action would require us to curtail or cease operations.

IF AN EVENT OF DEFAULT OCCURS UNDER THE SECURITIES PURCHASE AGREEMENT, STOCK ISSUANCE, ASSUMPTION AND RELEASE AGREEMENT, SECURED CONVERTIBLE NOTES, WARRANTS, SECURITY AGREEMENT OR INTELLECTUAL PROPERTY SECURITY AGREEMENT, THE INVESTORS COULD TAKE POSSESSION OF ALL OUR GOODS, INVENTORY, CONTRACTUAL RIGHTS AND GENERAL INTANGIBLES, RECEIVABLES, DOCUMENTS, INSTRUMENTS, CHATTEL PAPER, AND INTELLECTUAL PROPERTY.

In connection with the Securities Purchase Agreement and the Stock Issuance, Assumption and Release Agreement we entered into on August 16, 2007 and August 17, 2007, respectively, we executed or became bound by a Security Agreement and an Intellectual Property Security Agreement in favor of the investors granting them a first priority security interest in all of our goods, inventory, contractual rights and general intangibles, receivables, documents, instruments, chattel paper, and intellectual property. These agreements provide that, if an event of default occurs under the instruments secured by them, the investors have the right to take possession of the collateral, to operate our business using the collateral and to assign, sell, lease or otherwise dispose of and deliver all or any part of the collateral, at public or private sale or otherwise to satisfy our obligations under these agreements.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS SECURITIES

During the three months ended August 31, 2008, the Company issued 616,900 shares of its common stock for the conversion of debt in the amount of $2,468 in accordance with the NIR Group convertible note agreement. The offer and sale of such shares of our common stock were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) the investors confirmed to us that they were “accredited investors,” as defined in Rule 501 of Regulation D promulgated under the Securities Act and had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (b) there was no public offering or general solicitation with respect to the offering; (c) the investors were provided with certain disclosure materials and all other information requested with respect to our company; (d) the investors acknowledged that all securities being purchased were “restricted securities” for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (e) a legend was placed on the certificates representing each such security stating that it was restricted and could only be transferred if subsequent registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There were no defaults upon senior securities during the period ended August 31, 2008.

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

There were no matters submitted to the vote of securities holders during the period ended August 31, 2008.

ITEM 5. OTHER INFORMATION

There is no information with respect to which information is not otherwise called for by this form.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.
32.2	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant	*SportsQuest, Inc.*
Date: October 15, 2008	*By: /s/ R. Thomas Kidd*
	R. Thomas Kidd Chairman, Chief Executive Officer (Principle Executive Officer, Principle Financial Officer)