

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-KSB**

(Mark One)

☒ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended **December 31, 2005**.

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (*No fee required*) for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-49838**

**OUVO, INC.**

(Name of Small Business Issuer in Its Charter)

**DELAWARE**

(State of Incorporation or Organization)

**94-3381088**

(I.R.S. Employer Identification No.)

**325-3495 Cambie Street, Vancouver, British Columbia V5Z 4R3**

(Address of Principal Executive Offices) (Zip Code)

**(604) 725-4160**

(Issuer's Telephone Number, Including Area Code)

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

<u>Title of Each Class</u>	<u>Name of each Exchange on Which Registered</u>
Common Stock (\$0.0001 Par Value)	None

Check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 X

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and if no disclosure will 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-KSB or any amendment to this Form 10-KSB. ☐

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

The registrant's net sales for the year ended December 31, 2005, were \$0.

The aggregate value of the registrant's common stock, \$0.0001 par value (the only class of voting stock), held by non-affiliates is \$25,000 based on the price at which the common stock was originally sold in May of 2001.

At August 28, 2006, the number of shares outstanding of the registrant's common stock, \$0.0001 par value (the only class of voting stock), was 8,000,000.

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## **PART I**

### **ITEM 1. DESCRIPTION OF BUSINESS**

#### ***Corporate History***

As used herein, the terms “Company,” “we,” “our,” and “us” refer to Ouvo, Inc., (formerly Casino Entertainment Television, Inc.), unless the context indicates otherwise.

The Company was incorporated in the State of Delaware on November 16, 2000, for the purpose of developing a web-based reservation system that would enable consumers to place reservations directly with restaurants through a dedicated website. Efforts to implement the Company’s business plan were hampered by insufficient working capital which caused us to abandon our software development.

On June 25, 2004, the Company entered into a Share Exchange Agreement ("Agreement") with Gateway Entertainment Group, Inc., (“Gateway”), a private company seeking to develop a gaming lifestyle media business offering gambling, entertainment, news and information. Pursuant to the Agreement, the Company issued the shareholders of Gateway 26,000,000 shares post 48:1 forward split shares in exchange for all the issued and outstanding shares of Gateway. On July 26, 2004, a majority of the shareholders entitled to vote, elected to change the Company’s name from “ReserveNet, Inc.” to “Casino Entertainment, Inc.” in line with our new business focus.

Despite efforts to develop a gaming lifestyle business, the Company decided, in early 2005, to discontinue its operations with respect to the gaming industry. On March 7, 2005, the Company entered into a Separation Agreement with Stephen Lasser and a Share Cancellation and Business Transfer Agreement with Lawrence Smith whereby all shares issued to the Gateway shareholders as a result of the June 2004 Agreement were cancelled.

On March 7, 2005, a majority of the shareholders entitled to vote elected to (i) change the Company’s name to Ouvo, Inc.; (ii) authorize 5,000,000 shares of Class A Preferred Stock; and (iii) consolidate the issued and outstanding shares of common stock on a 1:3 basis.

The Company is not currently engaged in any active business other than the search for an operating business to acquire or with which to merge.

#### ***Search for Other Possible Acquisitions***

Management plans to investigate, research, and, if justified, potentially acquire or merge with one or more businesses or business opportunities. We currently have no commitment or arrangement, written or oral, to participate in any business opportunity and we cannot predict the nature of any potential business opportunity we may ultimately consider. Management will have broad discretion in its search for and negotiations with any potential business or business opportunity. Further, there can be no assurance that we will have the ability to acquire or merge with an operating business, business opportunity or property that will be of material value to us.

#### ***Sources of Business Opportunities***

Management intends to use various resources in its search for potential business opportunities including, but not limited to, our officers and directors, consultants, special advisors, securities broker-dealers, venture capitalists, members of the financial community and others who may present management with unsolicited proposals. Because of our lack of capital, we may not be able to retain, on a fee basis, professional firms specializing in business acquisitions and reorganizations. Rather, we will most likely have to rely on outside sources, not otherwise associated with us, that will accept their compensation only after we have finalized a successful acquisition or merger. To date, we have not engaged or entered into any discussion, agreement or understanding with a particular consultant regarding our search for business opportunities.

If we elect to engage an independent consultant, we will look only to consultants that have experience in working with small companies in search of an appropriate business opportunity. Also, the consultant must have experience in locating viable merger and/or acquisition candidates and have a proven track record of finalizing such business consolidations. Further, we would prefer to engage a consultant that will provide services for only nominal up-front consideration and is willing to be fully compensated only at the close of a business consolidation.

We do not intend to limit our search to any specific kind of industry or business. We may investigate and ultimately acquire a venture that is in its preliminary or development stage, is already in operation, or in various stages of its corporate existence and development. Management cannot predict at this time the status or nature of any venture in which we may participate. A potential venture might need additional capital or merely desire to have its shares publicly traded. The most likely scenario for a possible business arrangement would involve the acquisition of or merger with an operating business that does not need additional capital, but which merely desires to establish a public trading market for its shares. Management believes that we could provide a potential public vehicle for a private entity interested in becoming a publicly held corporation without the time and expense typically associated with an initial public offering.

### ***Evaluation***

Once we identify a particular entity as a potential acquisition or merger candidate, management will seek to determine whether acquisition or merger is warranted, or whether further investigation is necessary. Such determination will generally be based on management's knowledge and experience, or with the assistance of outside advisors and consultants evaluating the preliminary information available to them. Management may elect to engage outside independent consultants to perform preliminary analysis of potential business opportunities. However, because of our lack of capital we may not have the necessary funds for a complete and exhaustive investigation of any particular opportunity.

In evaluating such potential business opportunities, we will consider, to the extent relevant to the specific opportunity, several factors including:

- \* potential benefits to us and our shareholders;
- \* working capital, financial requirements and availability of additional financing;
- \* history of operation, if any;
- \* nature of present and expected competition;
- \* quality and experience of management;
- \* need for further research, development or exploration;
- \* potential for growth, expansion, and profits; and
- \* other factors deemed relevant to the specific opportunity.

There are certain unidentified risks that cannot be adequately expressed prior to the identification of a specific business opportunity. There can be no assurance following consummation of any acquisition or merger that the business venture will develop into a going concern or, if the business is already operating, that it will continue to operate successfully. Many potential business opportunities available to us may involve new and untested products, processes or market strategies which may not ultimately prove successful.

### ***Form of Potential Acquisition or Merger***

We cannot predict the manner in which we might participate in a prospective business opportunity. Each separate potential opportunity will be reviewed and, upon the basis of that review, a suitable legal structure or method of participation will be chosen. The particular manner in which we participate in a specific business opportunity will depend upon the nature of that opportunity, the respective needs and desires of our management and management of the opportunity, and the relative negotiating strength of the parties involved. Actual participation in a business venture may take the form of an asset purchase, lease, joint venture, license, partnership, stock purchase, reorganization, merger or consolidation. We may act directly or indirectly through an interest in a partnership, corporation, or other form of organization, however, we do not intend to participate in an opportunity through the purchase of a minority stock position.

Because we have only a very limited amount of liquid assets and a limited operating history, in the event we successfully acquire or merge with an operating business opportunity, it is likely that our present shareholders will experience substantial dilution. It is also probable that there will be a change in control of our company. The owners of any business opportunity which we acquire or merge with will most likely acquire control following such transaction. Management has not established any guidelines as to the amount of control it will offer to prospective business opportunities, but rather management will attempt to negotiate the best possible agreement for the benefit of our shareholders.

Presently, management does not intend to borrow funds to compensate any person, consultant, promoter or affiliate in relation to the consummation of a potential merger or acquisition. However, if we engage any outside advisor or consultant in our search for business opportunities, it may be necessary for us to attempt to raise additional funds. As of the date hereof, we have not made any arrangements or definitive agreements to use outside advisors or consultants or to raise any capital. In the event we do need to raise capital, most likely the only method available to us would be the private sale of our securities. These possible private sales would most likely have to be to persons known by our directors or to venture capitalists that would be willing to accept the risks associated with investing in a company with no current operation. Because of our nature as a development stage company, it is unlikely that we could make a public sale of securities or be able to borrow any significant sum from either a commercial or private lender. Management will attempt to acquire funds on the best available terms. However, there can be no assurance that we will be able to obtain additional funding when and if needed, or that such funding, if available, can be obtained on reasonable or acceptable terms. Although not presently anticipated, there is a remote possibility that we could sell securities to our management or affiliates.

There exists a possibility that the terms of any future acquisition or merger transaction might include the sale of shares presently held by our officers and/or directors to parties affiliated with or designated by the potential business opportunity. Presently, management has no plans to seek or actively negotiate such terms. However, if this situation does arise, management is obligated to follow our Articles of Incorporation and all applicable corporate laws in negotiating such an arrangement. Under this scenario of a possible sale by officers and directors, it is unlikely that similar terms and conditions would be offered to all other shareholders or that shareholders would be given the opportunity to approve such a transaction.

In the event of a successful acquisition or merger, a finder's fee, in the form of cash or securities, may be paid to a person or persons instrumental in facilitating the transaction. No criteria or limits have been established for the determination of an appropriate finder's fee, although it is likely that any fee will be based upon negotiations by us, the business opportunity and the finder. Management cannot at this time make an estimate as to the type or amount of a potential finder's fee that might be paid. It is unlikely that a finder's fee will be paid to an affiliate because of the potential conflict of interest that might result. If such a fee was paid to an affiliate, it would have to be in such a manner so as not to compromise an affiliate's possible fiduciary duty to us or to violate the doctrine of corporate opportunity. Further, in the unlikely event a finder's fee was to be paid to an affiliate, we would most likely have such an arrangement ratified by the shareholders in an appropriate manner.

The board of directors believes that it is highly unlikely that we will acquire or merge with a business opportunity in which our management, affiliates or promoters have an ownership interest. Any possible related party transaction of this type would have to be ratified by a disinterested board of directors and by the shareholders. Management does not anticipate that we will acquire or merge with any related entity. Further, as of the date hereof, none of our officers, directors, or affiliates or associates have had any preliminary contact or discussions with any specific business opportunity, nor are there any present plans, proposals, arrangements or understandings regarding the possibility of an acquisition or merger with any specific business opportunity.

### ***Government Regulation***

The Company cannot anticipate the government regulations, if any, to which it may be subject until it has acquired an interest in a business. The use of assets to conduct a business that the Company may acquire could subject it to environmental, public health and safety, land use, trade, or other governmental regulations and state or local taxation. In selecting a business in which to acquire an interest, management will endeavor to ascertain, to the extent of the limited resources of the Company, the effects of such government regulation on the prospective business of the Company. In certain circumstances, however, such as the acquisition of an interest in a new or start-up business activity, it may not be possible to predict with any degree of accuracy the impact of government regulation.

### ***Competition***

The Company will be involved in intense competition with other business entities, many of which will have a competitive edge over it by virtue of their stronger financial resources and prior experience in business. There is no assurance that we will be successful in obtaining suitable business opportunities.

### ***Employees***

The Company currently has no employees. The Company's executive officer devotes as much time to the affairs of the Company as he deems appropriate. Management of the Company uses consultants, attorneys, and accountants as necessary, and does not anticipate a need to engage any full-time employees as long as business needs are being identified and evaluated. The need for employees and their availability will be addressed in connection with a decision concerning whether or not to acquire or participate in a specific business venture.

### ***Reports to Security Holders***

The Company's annual report will contain audited financial statements. The Company is not required to deliver an annual report to security holders and will not voluntarily deliver a copy of the annual report to the security holders unless requested by same. We file all of our required information with the Securities and Exchange Commission ("Commission").

The public may read and copy any materials that we file with the Commission at the Commission's Public Reference Room at 450 Fifth Street, N.W., 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 statements and forms filed by us with the Commission have also been filed electronically and are available for viewing or copy on the Commission maintained Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission. The Internet address for this site can be found at [www.sec.gov](http://www.sec.gov).

### **ITEM 2. DESCRIPTION OF PROPERTY**

The Company currently maintains its offices at 325-3495 Cambie Street, Vancouver, British Columbia, Canada, V5Z 4R3. We pay no rent for the use of this address. We do not believe that we will need to maintain additional office space at any time in the foreseeable future in order to carry out the plan of operation described herein.

### **ITEM 3. LEGAL PROCEEDINGS**

Kummer Kaemper Bonner Renshaw and Ferrario, Attorneys at Law, had been retained to represent the Company in the defense of an action entitled *Media Underground, Inc. v. Casino Entertainment Television, Inc., et al*, filed in the District Court for Clark County, Nevada as Case No. A495425 ("Action"). Media Underground Inc., ("Plaintiff") alleged that it entered into a sublease agreement with the Company for certain premises located at 3485 West Harmon Avenue, Suite 110 in Las Vegas, Nevada, and that the payments called for by the sublease were not made. Plaintiff asserted the following claims for relief: (1) Breach of Contract; (2) Breach of the Implied Covenant of Good Faith and Fair Dealing; (3) Fraud in the Inducement; and (4) Attorneys' fees.

Subsequent to the year ended December 31, 2005, the Company settled its lawsuit with the Plaintiff by agreeing to pay \$10,000.

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

No matter was submitted to a vote of the security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2005.

## **PART II**

### **ITEM 5. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS**

As of the date of this filing, there is no public market for our securities. The Company has future plans to file for trading on the OTC Bulletin Board which is sponsored by the National Association of Securities Dealers (the "NASD"). However, there can be no assurance that the Company will ever be cleared for trading by the NASD.

As there has been no public trading of our securities, there is no high or low bid pricing to report.

### ***Record Holders***

As of August 28, 2006, there were approximately 27 shareholders of record holding a total of 8,000,000 shares of common stock. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

### ***Dividends***

The Company has not declared any cash dividends since inception and does not anticipate paying any dividends in the foreseeable future. The payment of dividends is within the discretion of the board of directors and will depend on the Company's earnings, capital requirements, financial condition, and other relevant factors. There are no restrictions that currently limit the Company's ability to pay dividends on its common stock other than those generally imposed by applicable state law.

## **ITEM 6. MANAGEMENT'S PLAN OF OPERATION**

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes and the other financial information appearing elsewhere in this periodic report. The Company's fiscal year end is December 31.

This report and the exhibits attached hereto contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements include, without limitation, statements as to management's good faith expectations and beliefs, which are subject to inherent uncertainties that are difficult to predict and may be beyond the ability of the Company to control. Forward-looking statements are made based upon management's expectations and belief concerning future developments and their potential effect upon the Company. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management.

The words "believes," "expects," "intends," "plans," "anticipates," "hopes," "likely," "will," and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements.

These risks and uncertainties, many of which are beyond the Company's control, include (i) the sufficiency of existing capital resources and the Company's ability to raise additional capital to fund cash requirements; (ii) uncertainties involved in the acquisition of a business opportunity; (iii) the ability of the Company to achieve sufficient revenues through the acquisition of a business opportunity; (iv) volatility of the stock market; and (v) general economic conditions. Although the Company believes the expectations reflected in these forward-looking statements are reasonable, such expectations may prove to be incorrect.



Readers are cautioned not to place undue reliance on these forward-looking statements that reflect management's view only as of the date of this report. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances. For additional information about risks and uncertainties that could adversely affect the Company's forward-looking statements, please refer to the Company's filings with the Securities and Exchange Commission.

### **Plan of Operations**

The Company's current focus is to seek out and consummate a merger with an existing operating entity. We intend to actively seek out and investigate possible business opportunities for the purpose of possibly acquiring or merging with one or more business ventures. We do not intend to limit our search to any particular industry or type of business. We are continually investigating possible merger candidates and acquisition opportunities. However, we can provide no assurance that we will have the ability to acquire or merge with an operating business, business opportunity, or property that will be of material value to us.

We anticipate that the Company will require only nominal capital to maintain our corporate viability, and necessary funds will most likely be provided by our officers and directors in the immediate future. However, unless we are able to facilitate an acquisition of or merger with an operating business or are able to obtain significant outside financing, there is substantial doubt about our ability to continue as a going concern.

The Company has not yet entered into any agreement, nor do we have any commitment or understanding to enter into or become engaged in any transaction, as of the date of this filing. Further, our directors will defer any compensation until such time as an acquisition or merger can be accomplished, and will strive to have the business opportunity provide their remuneration. As of the date hereof, we have not made any arrangements or definitive agreements to use outside advisors or consultants or to raise any additional capital.

We do not intend to use any employees, with the possible exception of part-time clerical assistance on an as-needed basis. Outside advisors or consultants will be used only if they can be obtained for minimal cost or on a deferred payment basis. Management is confident that it will be able to operate in this manner and to continue its search for business opportunities during the next twelve months.

### **Results of Operations**

During 2005, the Company abandoned efforts to develop a web based reservation system for restaurants and entered into an Agreement to be acquired by Gateway in an effort to develop a gaming lifestyle business.

### **Net Losses**

For the period from March 13, 1991 (the incorporation of Gateway) to December 31, 2005, the Company recorded a net loss of \$360,051 which is attributable to losses from the discontinuation of business operations.

Net losses for the twelve month period ended December 31, 2005 were \$137,644 as compared to net losses of \$161,696 for the twelve month period ended December 31, 2004.

During the twelve month period ended December 31, 2005, the Company did not realize any revenues from operations.

The Company expects to continue to incur net losses in future periods until such time as we can generate revenue. However, there is no assurance that the Company will ever generate sufficient revenues to fund operations.

### **Capital Expenditures**

The Company expended no amounts on capital expenditures for the period from March 13, 1991 to December 31, 2005.

### **Liquidity and Capital Resources**

The Company is in the development stage and, since inception, has experienced significant changes in liquidity, capital resources and shareholders' equity. The Company had current and total assets of \$17,202, consisting solely of cash, with current and total liabilities of \$325,972 as of December 31, 2005. Net stockholders' deficit in the Company was \$308,770 at December 31, 2005.

Cash flow used in operating activities was \$91,740 for the twelve month period ended December 31, 2005 as compared to cash flow used in operating activities of \$10,112 for the twelve month period ended December 31, 2004. The cash flow used in operating activities is primarily attributable to general and administrative expenses.

Cash flow used in investing activities was \$0 for the twelve month period ended December 31, 2005, as compared to cash flow used in investing activities of \$3,130 for the twelve month period ended December 31, 2004. The cash flow used in investing activities during the former period is attributable to the liabilities assumed with the acquisition of Gateway.

Cash flow provided by financing activities was \$133,970 for the twelve month period ended December 31, 2005, as compared to cash flow provided by financing activities of \$116,000 for the twelve month period ended December 31, 2004. The cash flow provided by financing activities during the current period is attributable to a loan from a non-related party.

Net cash used in discontinued operations was \$25,000 for the twelve month period ended December 31, 2005, as compared to net cash used in discontinued operations of \$102,786 for the twelve month period ended December 31, 2004. Net cash used in discontinued operations is attributed to abandoned efforts related to the Company's web based restaurant reservation system and gaming lifestyles business.

The Company's current assets will likely not be sufficient to conduct our plan of operation over the next twelve (12) months. We have no current commitments or arrangements with respect to, or immediate sources of funding. Further, no assurances can be given that funding, if needed, would be available or available to us on acceptable terms. Although, our major shareholders would be the most likely source of new funding in the form of loans or equity placements none have made any commitment for future investment and the Company has no agreement formal or otherwise. The Company's inability to obtain funding, if required, would have a material adverse affect on its plan of operation.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

## **Critical Accounting Policies**

In the notes to the audited financial statements for the year ended December 31, 2005, included in this Form 10-KSB, the Company discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Company believes that the accounting principles utilized by it conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires Company management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, the Company evaluates estimates. The Company bases its estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

## **Going Concern**

The Company's audit expressed substantial doubt as to the Company's ability to continue as a going concern as a result of limited operations. The Company's accumulated deficit was \$360,051 as of December 31, 2005. The Company's ability to continue as a going concern is subject to the ability of the Company to realize a profit from operations and /or obtain funding from outside sources. Since the Company has no revenue generating operations, our plan to address the Company's ability to continue as a going concern over the next twelve months includes: (1) obtaining debt funding from private placement sources; (2) obtaining additional funding from the sale of our securities; and (3) obtaining loans and grants from various financial institutions, where possible. Although we believe that we will be able to obtain the necessary funding to allow us to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful.

## **ITEM 7. FINANCIAL STATEMENTS**

The Company's financial statements for the fiscal year ended December 31, 2005 are attached hereto as pages F-1 through F-20.

**OUVO, INC.**  
**(A Development Stage Company)**

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# JAMES STAFFORD

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**James Stafford**  
**Chartered Accountants\***  
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\* Incorporated professional

## **Report of Independent Registered Public Accounting Firm**

### **To the Board of Directors and Stockholders of Ouvo, Inc. (A Development Stage Company)**

We have audited the balance sheet of **Ouvo, Inc.** (the “Company”) as at 31 December 2005, and the related statements of operations, cash flows and changes in stockholders’ deficiency for the year then ended. We have also audited the statements of operations, cash flows and changes in stockholders’ deficiency for the period from inception on 13 March 1991 to 31 December 2005, except that we did not audit the financial statements for the period from the date of inception on 13 March 1991 to 31 December 2004; those statements were audited by other auditors. 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 audit. The financial statements of the Company as at 31 December 2004 and the period from inception on 13 March 1991 to 31 December 2004 were audited by another firm of auditors, whose report dated 30 December 2005 included an explanatory paragraph that described the financial statements were prepared assuming that the Company will continue as a going concern when conditions existed which raised substantial doubt about the Company’s ability to continue as a going concern, discussed in Note 1 to the financial statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2005 and the results of its operations, cash flows and changes in stockholders’ deficiency for the year then ended and for the period from the date of inception on 13 March 1991 to 31 December 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, conditions exist which raise substantial doubt about the Company’s ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada

**Chartered Accountants**

5 July 2006

# ***De Joya Griffith & Company, LLC***

**Certified Public Accountants & Consultants**

**2425 W. Horizon Ridge Parkway**

**Henderson, Nevada 89052**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and Board of Directors

Ouvo, Inc.

Vancouver, British Columbia

Canada

We have audited the accompanying balance sheet of Ouvo, Inc. (A Development Stage Company) as of December 31, 2004, and the related statements of operations, stockholders' deficit and cash flows for the years ended December 31, 2004 and 2003 and for the period from March 13, 1991 (Date of Inception) through December 31, 2004. 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 audit.

We conducted our audit in accordance with 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ouvo, Inc. (A Development Stage Company) as of December 31, 2004, and the results of its operations and cash flows for the years ended December 31, 2004 and 2003 and for the period from March 13, 1991 (Date of Inception) through December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered losses and current liabilities exceed current assets, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ De Joya Griffith & Company, LLC

De Joya Griffith & Company, LLC

Henderson, Nevada

December 30, 2005

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Telephone (702) 563-1600 • Facsimile (702) 920-8049

**Ouvo, Inc.**  
**(A Development Stage Company)**  
Balance Sheets  
(Expressed in U.S. Dollars)  
**As at 31 December**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	17,202	-
Assets held for sale and discontinued operations (Note 10)	<u>-</u>	<u>3,136</u>
	<u>17,202</u>	<u>3,136</u>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness	-	28
Accounts payable and accrued liabilities (Note 3)	44,795	20,000
Note payable (Note 4)	260,948	116,000
Due to related party (Note 6)	20,229	-
Current liabilities of discontinued operations (Note 10)	<u>-</u>	<u>38,234</u>
	<u>325,972</u>	<u>174,262</u>
<b>Stockholders' deficiency</b>		
<b>Capital stock</b> (Note 7)		
Authorized		
100,000,000 of common shares, par value \$0.0001		
Issued and outstanding		
2005 – 8,000,000 common shares, par value \$0.0001		
2004 – 16,666,667 common shares, par value \$0.0001	800	1,667
<b>Additional paid-in capital</b>	50,481	49,614
<b>Deficit, accumulated during the development stage</b>	<u>(360,051)</u>	<u>(222,407)</u>
	<u>(308,770)</u>	<u>(171,126)</u>
	<u>17,202</u>	<u>3,136</u>

**Nature and Continuance of Operations** (Note 1)

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

**Ouvo, Inc.**  
**(A Development Stage Company)**  
Statements of Operations  
(Expressed in U.S. Dollars)

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	For the period from the date of inception on 13 March 1991 to 31 December 2005 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$	For the year ended 31 December 2003 \$
<b>Expenses</b>				
General and administrative (Schedule 1)	<u>177,854</u>	<u>147,742</u>	<u>30,112</u>	<u>-</u>
<b>Net loss from continuing operations</b>	(177,854)	(147,742)	(30,112)	-
<b>Discontinued operations</b> (Note 10)				
Loss from discontinued operations before gain on disposition	(192,295)	-	(131,584)	(7,123)
Gain on disposition of discontinued operations	<u>10,098</u>	<u>10,098</u>	<u>-</u>	<u>-</u>
Income (loss) from discontinued operations	<u>(182,197)</u>	<u>10,098</u>	<u>(131,584)</u>	<u>(7,123)</u>
<b>Net loss for the period</b>	<u>(360,051)</u>	<u>(137,644)</u>	<u>(161,696)</u>	<u>(7,123)</u>
<b>Basic and diluted earnings per common share</b>		<u>(0.017)</u>	<u>(0.010)</u>	<u>(0.001)</u>
<b>Weighted average number of common shares used in per share calculations</b>		<u>8,000,000</u>	<u>16,666,667</u>	<u>8,666,667</u>

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



**Ouvo, Inc.**  
**(A Development Stage Company)**  
Statements of Cash Flows  
(Expressed in U.S. Dollars)

	<b>For the period from the date of inception on 13 March 1991 to 31 December 2005 \$</b>	<b>For the year ended 31 December 2005 \$</b>	<b>For the year ended 31 December 2004 \$</b>	<b>For the year ended 31 December 2003 \$</b>
<b>Cash flows from operating activities</b>				
Net loss for the period	(360,051)	(137,644)	(161,696)	(7,123)
Loss (gain) from discontinued operations	182,197	(10,098)	131,584	7,123
Loss from continuing operations	(177,854)	(147,742)	(30,112)	-
Adjustment for non-cash item				
Accrued interest	10,978	10,978	-	-
Changes in operating assets and liabilities				
Increase in accounts payable and accrued liabilities	44,795	24,795	20,000	-
Increase in due to related party	20,229	20,229	-	-
	(101,852)	(91,740)	(10,112)	-
<b>Cash flows from investing activities</b>				
Net monetary liabilities from acquisition	(3,130)	-	(3,130)	-
	(3,130)	-	(3,130)	-
<b>Cash flows from financing activities</b>				
Common shares issued for cash	100	-	-	-
Increase in note payable	249,970	133,970	116,000	-
	250,070	133,970	116,000	-
<b>Net cash used in discontinued operations</b>	(127,886)	(25,000)	(102,786)	(5,931)
<b>Increase in cash and cash equivalents</b>	17,202	17,230	(28)	(5,931)
<b>Cash and cash equivalents, beginning of period</b>	-	(28)	-	5,931
<b>Cash and cash equivalents, end of period</b>	17,202	17,202	(28)	-

**Supplemental Disclosures with Respect to Cash Flows (Note 9)**

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

**Ouvo, Inc.****(A Development Stage Company)**

## Statements of Changes in Stockholders' Deficiency

(Expressed in U.S. Dollars)

	Number of shares issued	Capital Stock \$	Additional paid-in capital \$	Deficit, accumulated during the development stage \$	Stockholders' deficiency \$
<b>Balance at 13 March 1991 (inception)</b>	-	-	-	-	-
Common shares issued for cash (\$0.0001 per share) (Note 7)	8,666,667	867	(767)	-	100
Net loss for the period	-	-	-	(18,455)	(18,455)
<b>Balance at 31 December 1991</b>	8,666,667	867	(767)	(18,455)	(18,355)
Net loss for the year	-	-	-	(20,665)	(20,665)
<b>Balance at 31 December 1992</b>	8,666,667	867	(767)	(39,120)	(39,020)
Net loss for the year	-	-	-	(7,645)	(7,645)
<b>Balance at 31 December 1993</b>	8,666,667	867	(767)	(46,765)	(46,665)
Net loss for the year	-	-	-	(5,560)	(5,560)
<b>Balance at 31 December 1994</b>	8,666,667	867	(767)	(52,325)	(52,225)
Net loss for the year	-	-	-	(2,400)	(2,400)
<b>Balance at 31 December 1995</b>	8,666,667	867	(767)	(54,725)	(54,625)
Net loss for the year	-	-	-	(3,003)	(3,003)
<b>Balance at 31 December 1996</b>	8,666,667	867	(767)	(57,728)	(57,628)
Net loss for the year	-	-	-	(5,007)	(5,007)
<b>Balance at 31 December 1997</b>	8,666,667	867	(767)	(62,735)	(62,635)
Net loss for the year	-	-	-	(5,699)	(5,699)
<b>Balance at 31 December 1998</b>	8,666,667	867	(767)	(68,434)	(68,334)
Net loss for the year	-	-	-	(5,828)	(5,828)
<b>Balance at 31 December 1999</b>	8,666,667	867	(767)	(74,262)	(74,162)
Net loss for the year	-	-	-	5,525	5,525
<b>Balance at 31 December 2000</b>	8,666,667	867	(767)	(68,737)	(68,637)
Net loss for the year	-	-	-	(5,208)	(5,208)
<b>Balance at 31 December 2001</b>	8,666,667	867	(767)	(73,945)	(73,845)
Net loss for the year	-	-	-	20,357	20,357
<b>Balance at 31 December 2002</b>	8,666,667	867	(767)	(53,588)	(53,488)
Net loss for the year	-	-	-	(7,123)	(7,123)

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

**Ouvo, Inc.****(A Development Stage Company)**

## Statements of Changes in Stockholders' Deficiency

(Expressed in U.S. Dollars)

	Number of shares issued	Capital Stock \$	Additional paid-in capital \$	Deficit, accumulated during the development stage \$	Stockholders' deficiency \$
<b>Balance at 31 December 2003</b>	8,666,667	867	(767)	(60,711)	(60,611)
Contribution to capital by related party – forgiveness of shareholder loan	-	-	54,311	-	54,311
Net loss for the period	-	-	-	(8,939)	(8,939)
<b>Balance at 24 June 2004</b>	8,666,667	867	53,544	(69,650)	(15,239)
Acquisition – recapitalization	17,600,000	1,760	(4,890)	-	(3,130)
Cancellation of common shares – 31 July 2004	(9,600,000)	(960)	960	-	-
Net loss for the period	-	-	-	(152,757)	(152,757)
<b>Balance at 31 December 2004</b>	16,666,667	1,667	49,614	(222,407)	(171,126)
Cancellation of common shares – 7 March 2005 (Note 1)	(8,666,667)	(867)	867	-	-
Net loss for the year	-	-	-	(137,644)	(137,644)
<b>Balance at 31 December 2005</b>	8,000,000	800	50,481	(360,051)	(308,770)

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

**Ouvo, Inc.****(A Development Stage Company)**

## Schedule 1 – General and Administrative Expenses

(Expressed in U.S. Dollars)

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	<b>For the period from the date of inception on 13 March 1991 to 31 December 2005 \$</b>	<b>For the year ended 31 December 2005 \$</b>	<b>For the year ended 31 December 2004 \$</b>	<b>For the year ended 31 December 2003 \$</b>
Interest (Note 4)	10,947	10,947	-	-
Legal and accounting	98,302	68,302	30,000	-
Management fees (Note 11)	55,000	55,000	-	-
Office and miscellaneous	2,441	2,329	112	-
Settlement of lawsuit (Notes 12 and 13)	10,000	10,000	-	-
Share transfer fees	1,164	1,164	-	-
	<u>177,854</u>	<u>147,742</u>	<u>30,112</u>	<u>-</u>

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

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**1. Nature and Continuance of Operations**

Ouvo, Inc. (the “Company”) was incorporated under the laws of the State of Delaware on 16 November 2000. The Company was incorporated for the purpose to promote and carry on any lawful business for which a corporation may be incorporated under the laws of the State of Delaware.

The Company is a development stage enterprise, as defined in Statements of Financial Accounting Standards (“SFAS”) No. 7 “*Accounting and Reporting by Development Stage Enterprises*”. The Company is devoting all of its present efforts to securing and establishing a new business and its planned principle operations have not commenced. Accordingly, no revenue has been derived during the organization period.

The Company’s financial statements as at 31 December 2005 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a loss of \$137,644 for the year ended 31 December 2005 (31 December 2004 - \$161,696, 31 December 2003 - \$7,123) and has a working capital deficit of \$308,770 at 31 December 2005 (31 December 2004 - \$171,126).

On 30 April 2004, the Company entered into a Share Exchange Agreement (the “Agreement”) with Gateway Entertainment Group, Inc. (the “Gateway”), a New Jersey corporation, wherein the Company agreed to issue to the shareholders of Gateway 8,666,667 common shares in exchange for the 1,000 shares that constituted all the issued and outstanding shares of Gateway. On 25 June 2004, Gateway completed the reverse acquisition under the Agreement with the Company. Immediately before the acquisition, the Company had 100,000,000 common shares authorized and 366,667 common shares issued and outstanding. The Company completed a 48:1 forward stock split and the total issued and outstanding shares after completing the acquisition was 26,266,667 common shares.

Immediately after the acquisition, the management of Gateway took control of the board and office positions of the Company, constituting a change of control. Because the former owners of Gateway gained control of the Company, the transaction would normally have been considered a purchase by Gateway. However, since the Company was not a business, the transaction was not considered to be a business combination, and the transaction was accounted for as a recapitalization of Gateway and the issuance of stock by Gateway for the assets and liabilities of the Company. The value of the net assets of the Company acquired by Gateway is the same as their historical book value, being a deficiency of \$3,130.

Gateway was incorporated on 13 March 1991, under the laws of the State of New Jersey with an authorized capital of 200,000 shares of no par value common stock. The accompanying financial statements are the historical financial statements of Gateway.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**Nature and Continuance of Operations - continued**

During the year ended 31 December 2005, the Company decided to discontinue its operations with respect to the gaming industry. All operating activities related to the discontinued operations were carried out by the Company's legal subsidiary, Gateway.

On 7 March 2005, the Company entered into a Separation Agreement with Stephen Lasser (the "Lasser Agreement") and a Share Cancellation and Business Transfer Agreement with Lawrence Smith (the "Smith Agreement"). All shares issued to the Gateway shareholders as a result of the reverse merger were cancelled.

Under the Smith Agreement, Smith agreed to cancel the 5,200,000 common shares of the Company owned by him, and the Company agreed to transfer its assets related to the establishment of a television network dedicated to the Gaming Network Business, including ownership of Gateway, to Smith. On 8 March 2005 the assets comprising the Gaming Network Business were transferred to Smith in exchange for the return to treasury and cancellation of the 5,200,000 common shares of the Company. Smith was formerly an officer and director of the Company and was the Company's largest shareholder prior to the cancellation of his common shares.

Under the Lasser Agreement, Lasser agreed to cancel the 3,466,667 common shares of the Company owned by him and release the Company from any claims or potential claims Lasser has or may have against the Company or its directors and officers and the Company agreed to release Lasser from any claims or potential claims the Company has or may have against Lasser. On 8 March 2005 Lasser returned 3,466,667 common shares to the Company's treasury and the common shares were cancelled.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company's capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 31 December 2006. However, if the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At 31 December 2005, the Company was not engaged in a business and had suffered losses from development stage activities to date. Although management is currently attempting to implement its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**2. Significant Accounting Policies**

The following is a summary of significant accounting policies used in the preparation of these financial statements.

**Basis of presentation**

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to development stage enterprises, and are expressed in U.S. dollars. The Company's fiscal year end is 31 December.

**Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

**Long-lived assets**

In accordance with SFAS No. 144, "*Accounting for Impairment or Disposal of Long-Lived Assets*", the carrying value of long-lived assets is reviewed on a regular basis for the existence of facts or circumstance that may suggest impairment. The Company recognizes an impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

**Financial instruments**

The carrying value of cash, accounts payable and accrued liabilities, and due to related parties approximates their fair value because of the short maturity of these instruments. The Company's operations are in Canada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company's financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**Derivative financial instruments**

The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**2. Significant Accounting Policies – continued**

**Income taxes**

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with SFAS No. 109, “*Accounting for Income Taxes*”, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

**Basic and diluted net loss per share**

The Company computes net loss per share in accordance with SFAS No. 128, “*Earnings per Share*”. SFAS No. 128 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive.

**Comprehensive loss**

SFAS No. 130, “*Reporting Comprehensive Income*”, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 December 2005, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

**Segments of an enterprise and related information**

SFAS No. 131, “*Disclosures about Segments of an Enterprise and Related Information*”, supersedes SFAS No. 14, “*Financial Reporting for Segments of a Business Enterprise*”. SFAS 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. SFAS 131 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has evaluated this SFAS and does not believe it is applicable at this time.



**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**2. Significant Accounting Policies – continued**

**Start-up expenses**

The Company has adopted Statement of Position No. 98-5, “*Reporting the Costs of Start-up Activities*”, which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 13 March 1991 to 31 December 2005.

**Foreign currency translation**

The Company's functional and reporting currency is in U.S. dollars. The financial statements of the Company are translated to U.S. dollars in accordance with SFAS No. 52, “*Foreign Currency Translation*”. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

**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 estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**Recent accounting pronouncements**

In May 2005, the Financial Accounting Standards Board (the “FASB”) issued SFAS No. 154, “*Accounting Changes and Error Corrections – A Replacement of APB Opinion No. 20 and SFAS No. 3*”. SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS No. 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The provisions of SFAS No. 154 are effective for accounting changes and correction of errors made in fiscal years beginning after 15 December 2005. The adoption of this standard is not expected to have a material effect on the Company's results of operations or financial position.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**2. Significant Accounting Policies – continued**

**Recent accounting pronouncements – continued**

In March 2005, the Securities and Exchange Commission (“SEC”) staff issued Staff Accounting Bulletin (“SAB”) No. 107 to give guidance on the implementation of SFAS No. 123R. The Company will consider SAB No. 107 during implementation of SFAS No. 123R.

In December 2004, the FASB issued SFAS No. 153, *“Exchanges of Nonmonetary Assets – An Amendment of APB Opinion No. 29”*. The guidance in APB Opinion No. 29, *“Accounting for Nonmonetary Transactions”*, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after 15 June 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company's results of operations or its financial position.

In December 2004, the FASB issued SFAS No. 123R, *“Share Based Payment”*. SFAS No. 123R is a revision of SFAS No. 123, *“Accounting for Stock-Based Compensation”*, and supersedes APB Opinion No. 25, *“Accounting for Stock Issued to Employees”* and its related implementation guidance. SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award – the requisite service period (usually the vesting period). SFAS No. 123R requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS No. 123R in the first interim or annual reporting period that begins after 15 December 2005. The adoption of this standard is not expected to have a material effect on the Company's results of operations or its financial position.

The FASB has also issued SFAS No. 151, 152, 155 and 156, but they will not have an effect of the financial reporting of the Company.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**3. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

**4. Note Payable**

The note payable bears interest at 10% per annum, is repayable in full on 19 June 2006, and is secured by the Company's existing and future assets. At the note payable holder's option, the note payable can be converted into common shares of the Company at a conversion rate to be negotiated between the two parties.

**5. Related Party Transactions**

During the year ended 31 December 2005, the Company paid or accrued management fees of \$55,000 (31 December 2004 - \$Nil) to a director of the Company.

**6. Due to Related Party**

As at 31 December 2005, the amount due to related party consists of \$20,229 (31 December 2004 - \$Nil) payable to a director of the Company. This balance is non-interest bearing, unsecured and has no fixed terms of repayment.

**7. Capital Stock**

**Authorized**

The total authorized capital is 100,000,000 common shares with a par value of \$0.0001 per common share.

**Issued and outstanding**

The total issued and outstanding capital stock is 8,000,000 common shares with a par value of \$0.0001 per common share.

On 8 March 2005, the Company cancelled 8,666,667 common shares (Note 1).

On 9 June 2004, the Company, by way of unanimous written consent of the Board of Directors, cancelled 22,400,000 restricted common shares of the Company held by a former director of the Company. The former director agreed to such a cancellation. The actual share certificates related to this event have not yet been returned to the Company's treasury and, as a result, have not yet been formally removed from the Company's list of outstanding common shares. The Company is currently in the process of completing court proceedings to have the common shares removed from the formal list of the Company's outstanding shares (Note 13).

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**8. Income Taxes**

The Company has losses carried forward for income tax purposes to 31 December 2005. There are no current or deferred tax expenses for the year ended 31 December 2005 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

The provision for refundable federal income tax consists of the following:

	<b>For the year ended 31 December 2005 \$</b>	<b>For the year ended 31 December 2004 \$</b>	<b>For the year ended 31 December 2003 \$</b>
Deferred tax asset attributable to:			
Current operations	50,232	10,238	2,553
Less: Change in valuation allowance	<u>(50,232)</u>	<u>(10,238)</u>	<u>(2,553)</u>
Net refundable amount	<u>-</u>	<u>-</u>	<u>-</u>

The composition of the Company's deferred tax assets are as follows:

	<b>2005 \$</b>	<b>2004 \$</b>
Net income tax operating loss carryforward	<u>216,139</u>	<u>68,397</u>
Statutory federal income tax rate	34%	34%
Effective income tax rate	0%	0%
Deferred tax asset		
Tax loss carryforward	73,487	23,255
Less: Valuation allowance	<u>(73,487)</u>	<u>(23,255)</u>
Net deferred tax asset	<u>-</u>	<u>-</u>

The potential income tax benefit of these losses has been offset by a full valuation allowance.

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

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**8. Income Taxes – continued**

As at 31 December 2005, the Company has an unused net operating loss carryforward balance of approximately \$216,139 that is available to offset future taxable income. These unused net operating loss carry-forwards expire as follows:

2020	\$ 2,657
2021	19,368
2022	8,751
2023	7,509
2024	30,112
2025	147,742

**9. Supplemental Disclosures with Respect to Cash Flows**

	For the period from the date of inception on 31 March 1991 to 31 December 2005 \$	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$	For the year ended 31 December 2003 \$
Accrued interest on note payable	10,978	10,978	-	-
Shares issued for acquisition of Gateway	(3,130)	-	(3,130)	-
Forgiveness of shareholder loan	54,311	-	54,311	-
Cash paid during the year for interest	-	-	-	-
Cash paid during the year for income taxes	2,135	-	-	-

**10. Discontinued Operations**

During the year ended December 31, 2005 the Company decided to discontinue its operations with respect to the gaming industry. All operating activities related to the discontinued operations were carried out by the Company's legal subsidiary, Gateway. The decision to discontinue this business component was made by management due to the Company's desire to shift its business focus to other unrelated opportunities. The ownership of Gateway was transferred to a former officer and director of the Company on March 8, 2005 in exchange for the cancellation of the former officer and director's shares of the Company's common stock (Notes 1 and 7).

**Ouvo, Inc.**  
**(A Development Stage Company)**

Notes to Financial Statements  
(Expressed in U.S. Dollars)  
31 December 2005

**10 Discontinued Operations**

In accordance with SFAS 144, “*Accounting for Impairment or Disposal of Long-lived Assets*”, the related financial information for the gaming industry are reported as discontinued operations. The gaming industry component sought to develop a gaming lifestyle media business offering gambling, entertainment, news and information.

The Company does not have any continued involvement in the management of the gaming business, nor does the Company have a direct financial ownership investment in the gaming business.

A summary of the results of the operations of the discontinued gaming operating unit is as follows:

	For the year ended 31 December 2005 \$	For the year ended 31 December 2004 \$	For the year ended 31 December 2003 \$
Revenue	-	-	-
Operating expenses			
Accounting	-	2,850	-
Bank charges	-	172	-
Consulting	-	82,771	-
Meals and entertainment	-	8,020	-
Office and miscellaneous	-	8,512	7,123
Rent	-	14,485	-
Telephone	-	3,789	-
Travel	-	10,985	-
Loss from discontinued operations before gain on disposition	-	(131,584)	(7,123)
Gain on disposition of discontinued operations	10,098	-	-
Income (loss) from discontinued operations	10,098	(131,584)	(7,123)

**11. Commitment**

On 1 February 2005, the Company entered into a contract for management services with an officer and director of the Company, requiring the Company to make a payment of \$5,000 per month.

**12. Contingency**

The Company has been named the defendant in a lawsuit filed by Media Underground, Inc. for the collection of payments under a sublease agreement related to space rented and used by the Company. This lawsuit was settled subsequent to 31 December 2005 (Note 13).

**Ouvo, Inc.****(A Development Stage Company)**

Notes to Financial Statements

(Expressed in U.S. Dollars)

31 December 2005

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**13. Subsequent Events**

Subsequent to 31 December 2005, the Company settled its lawsuit with Media Underground Inc., by agreeing to pay \$10,000 (Note 12).

A total of 22,400,000 common shares of the Company cancelled by the Company's Board of Directors on 9 June 2004 have not yet been returned to the Company's treasury and formerly removed from the Company's list of outstanding shares. The Company is currently engaged in court proceedings to complete this action (Note 7).

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## **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On March 3, 2005, the Company's independent auditors, Beckstead and Watts LLP ("Beckstead"), notified the Company that they were resigning effective as of that date.

The audit reports of Beckstead on the Company's financial statements for the fiscal years ending December 31, 2003 and December 31, 2002 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except that such reports were modified to include an explanatory paragraph raising substantial doubt about the Company's ability to continue as a going concern.

In connection with the audits of the fiscal years ending December 31, 2003 and December 31, 2002, including the subsequent periods through March 3, 2005, the Company had no disagreements with Beckstead with respect to accounting or auditing issues of the type discussed in Item 304(a)(1)(iv) of Regulation S-B. Had there been any disagreements that were not resolved to their satisfaction, such disagreements would have caused Beckstead to make reference in connection with their opinion to the subject matter of the disagreement. In addition, during that time there were no reportable events (as described in Item 304(a)(1)(iv) of Regulation S-B).

On October 13, 2005 the Company retained De Joya Griffith and Company, LLC ("Dejoya") as the principal accountants to replace Beckstead. The Company's board of directors approved the appointment of De Joya.

During the fiscal years ending December 31, 2003 and December 31, 2002, including the subsequent periods through March 3, 2005, the date of Beckstead's resignation, and prior to the appointment of De Joya, the Company (or anyone on its behalf) did not consult with De Joya regarding any of the accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. Since there were no disagreements (as referred to in Item 304(a)(2) of Regulation S-B), the Company did not consult De Joya in respect to these matters during the time periods detailed herein.

On May 26, 2006, the Company terminated its relationship with De Joya.

The audit reports of De Joya on the Company's financial statements for the fiscal years ending December 31, 2004 and 2003, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except that such reports were modified to include an explanatory paragraph raising substantial doubt about the Company's ability to continue as a going concern.

In connection with the audits of the fiscal years ending December 31, 2004 and 2003, including the subsequent periods through May 26, 2006, the Company had no disagreements with De Joya with respect to accounting or auditing issues of the type discussed in Item 304(a)(1)(iv) of Regulation S-B. Had there been any disagreements that had not been resolved to their satisfaction, such disagreements would have caused De Joya to make reference in connection with their opinion to the subject matter of the disagreement. In addition, during that time there were no reportable events (as described in Item 304(a)(1)(iv) of Regulation S-B).

On June 16, 2006 the Company retained James Stafford Chartered Accountants ("James Stafford") as the principal accountants to replace De Joya. The Company's board of directors approved the appointment of James Stafford.



During the fiscal years ending December 31, 2004 and 2003, including the subsequent periods through May 26, 2006, the date of De Joya's termination, and prior to the appointment of James Stafford, the Company (or anyone on its behalf) did not consult with James Stafford regarding any of the accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. Since there were no disagreements (as referred to in Item 304(a)(2) of Regulation S-B), the Company did not consult James Stafford in respect to these matters during the time periods detailed herein.

## **ITEM 8A. CONTROLS AND PROCEEDURES**

Our president acts both as the chief executive officer and the chief financial officer and is responsible for establishing and maintaining disclosure controls and procedures.

### **a) Evaluation of disclosure controls and procedures.**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of December 31, 2005. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

The auditors did not test the effectiveness of nor relied on the internal controls of the Company for the fiscal years ended December 31, 2005 and 2004.

### **(b) Changes in internal controls over financial reporting.**

During the year ended December 31, 2005 there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 8B. OTHER INFORMATION**

None.

## **PART III**

## **ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS**

The officers and directors of the Company as of August 28, 2006, are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Kent Carasquero	40	chief executive officer, chief financial officer, principal accounting officer and director

On January 21, 2005, the Company elected Kent Carasquero as the sole director and appointed Mr. Carasquero as chief executive officer and chief financial officer pursuant to the written consent of the shareholders holding a two thirds majority of the Company's issued and outstanding shares.

Mr. Carasquero holds an Advanced BA in Economics from the University of Manitoba and is currently enrolled at the Canadian Institute of Chartered Business Valuators. Since 2002, Mr. Carasquero has been the president of Tyee Capital Consultants, Inc., a private company involved in assisting publicly and privately held corporations in all major industry groups with structuring, marketing, investor communications, and financing activities. Mr. Carasquero previously served as an officer and director of American Unity Investments Inc. (formerly known as "Capital Hill Gold, Inc.") formerly an exploration stage mining company, from February 2004 to February 2005. Mr. Carasquero also served as an officer and director of Mangapets, Inc., (formerly known as "Newmark Ventures, Inc.") formerly a distributor of bank machines, from April 2004 until September 2004.

Mr. Carasquero has entered into a consulting agreement with the Company. The election of Mr. Carasquero to the Company's board of directors was not based on any prior understanding or arrangement.

### **Board of Directors Committees**

The board of directors has not established an audit committee or a compensation committee. An audit committee typically reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the recommendations and performance of independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, and internal accounting and financial control policies and procedures. Certain stock exchanges currently require companies to adopt a formal written charter that establishes an audit committee that specifies the scope of an audit committee's responsibilities and the means by which it carries out those responsibilities. In order to be listed on any of these exchanges, the Company will be required to establish an audit committee.

Directors currently are not reimbursed for out-of-pocket costs incurred in attending meetings and no director receives any compensation for services rendered as a director. It is likely that the Company will adopt a provision for compensating directors in the future.

### **Code of Ethics**

The Company has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. The Code of Ethics applies to directors and senior officers, such as the principal executive officer, principal financial officer, controller, and persons performing similar functions. The Company has incorporated a copy of its Code of Ethics by reference as Exhibit 14 to this Form 10-KSB. Further, the Company's Code of Ethics is available in print, at no charge, to any security holder who requests such information by contacting the Company.

### **Compliance with Section 16(a) of the Exchange Act**

Based solely upon a review of Forms 3, 4 and 5 furnished to the Company, the Company not aware of the any individuals or entities who during the period ended December 31, 2005 were directors, officers, or beneficial owners of more than ten percent of the common stock of the Company, and who failed to file, on a timely basis, reports required by Section 16(a) of the Securities Exchange Act of 1934 except for Kent Carasquero who failed to file for 3 or 5 who is an officer and director of the Company.

## **ITEM 10. EXECUTIVE COMPENSATION**

The following table provides summary information for the years 2005, 2004 and 2003 concerning cash and non-cash compensation paid or accrued by the Company to or on behalf of the chief executive officer and the only other employee to receive compensation in excess of \$100,000.

## SUMMARY COMPENSATION TABLE

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)	Securities Underlying Options SARs (#)	LTIP payouts (\$)	All Other Compensation (\$)
Lawrence H. Smith * Chief Executive Officer	2005	-	-	-	-	-	-	-
	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-
Kent Carasquero ** Chief Executive Officer, Chief Financial Officer	2005	-	-	\$55,000	-	-	-	-
	2004	-	-	-	-	-	-	-
	2003	-	-	-	-	-	-	-

\* Lawrence H. Smith resigned on January 21, 2005

\*\* Kent Carasquero was appointed on January 21, 2005

### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the stock of the Company as of August 28, 2006, by each shareholder who is known by the Company to beneficially own more than 5% of the outstanding common stock, by each director, and by all executive officers and directors as a group.

Title of Class	Name and Address of Beneficial Ownership	Amount and nature of Beneficial Ownership	Percent of Class
Common Stock	Kent Carasquero	0	0%
Common Stock	All Executive Officers and Directors as a Group	0	0%

### ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On February 1, 2005, the board of directors of the Company entered into a consulting agreement with Kent Carasquero, our sole officer and director, which agreement may be terminated at any time by the Company and with a minimum of ninety days notice by Mr. Carasquero. The consulting agreement requires the Company to pay Mr. Carasquero \$5,000 a month for his services and is attached hereto as Exhibit 10(v).

### ITEM 13. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on page 18 of this Form 10-KSB, which is incorporated herein by reference.

## **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

### **Audit Fees**

James Stafford Chartered Accountants ("Stafford") provided audit services to the Company in connection with its annual report for the fiscal year ended December 31, 2005. The aggregate fees billed by Stafford for the audit of the Company's annual financial statements were \$7,420.

De Joya Griffith and Company, LLC ("De Joya") provided audit services to the Company in connection with its annual reports for the fiscal year ended December 31, 2004. The aggregate fees billed by De Joya for the audit of the Company's annual financial statements and a review of the Company's quarterly financial statements were \$11,500.

### **Audit Related Fees**

James Stafford billed to the Company fees of \$0 in 2005 for professional services that are reasonably related to the audit or review of the Company's financial statements that are not disclosed in "Audit Fees" above.

De Joya billed to the Company fees of \$0 in 2004 for professional services that are reasonably related to the audit or review of the Company's financial statements that are not disclosed in "Audit Fees" above.

### **Tax Fees**

James Stafford billed to the Company fees of \$0 in 2005 for professional services rendered in connection with the preparation of the Company's tax returns for the period.

De Joya billed to the Company fees of \$0 in 2004 for professional services rendered in connection with the preparation of the Company's tax returns for the period.

### **All Other Fees**

James Stafford billed to the Company no fees in 2005 for other professional services rendered or any other services not disclosed above.

De Joya billed to the Company no fees in 2004 for other professional services rendered or any other services not disclosed above.

### **Audit Committee Pre-Approval**

The Company does not have a standing audit committee. Therefore, all services provided to the Company by James Stafford and De Joya as detailed above, were pre-approved by the Company's board of directors. James Stafford and De Joya performed all work only with their permanent full time employees.

## 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 this 28<sup>th</sup> day of August 2006.

Ouvo, Inc.

/s/ Kent Carasquero

Kent Carasquero, Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature

Title

Date

/s/ Kent Carasquero

Kent Carasquero

Director

August 28, 2006

## INDEX TO EXHIBITS

<i><b>Exhibit No.</b></i>	<i><b>Page No.</b></i>	<i><b>Description</b></i>
3(i)(a)	*	Articles of Incorporation dated October 31, 2000. (Incorporated by reference from Form SB2 filed with the SEC on August 24, 2001.)
3(i)(b)	*	Amended Articles of Incorporation dated July 26, 2004. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
3(i)(c)	*	Amended Articles of Incorporation dated April 12, 2005. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
3(ii)	*	By-Laws dated October 31, 2000. (Incorporated by reference from Form SB-2 filed with the SEC on August 24, 2001.)
10(i)	*	Share Exchange Agreement dated April 30 <sup>th</sup> 2004 between Reservenet, Inc. and Gateway Entertainment Group Inc. (Incorporated by reference from Form 8K filed with the SEC on June 24, 2004.)
10(ii)	*	Separation Agreement dated March 7, 2005 between Casino Entertainment Television Inc. and Stephen Lasser. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
10(iii)	*	Share Cancellation and Business Transfer Agreement dated March 7, 2005 between Casino Entertainment Television Inc. and Lawrence Smith. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
10(iv)	*	Loan Agreement dated June 19, 2005 between Ouvo, Inc. and Ludwig Holdings Inc. (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
10(v)	19	Employment Agreement with Kent Carasquero dated February 1, 2005.
14	*	Code of Ethics (Incorporated by reference from Form 10-QSB filed with the SEC on February 8, 2006.)
31	27	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	28	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	*	Incorporated by reference from previous filings of the Company.

**EXHIBIT 10(v)**

**EMPLOYMENT AGREEMENT**

THIS AGREEMENT dated for reference the February 1, 2005.

BETWEEN:

**KENT CARASQUERO** businessman of 1057 East 21<sup>st</sup> Avenue,  
Vancouver, British Columbia V5V 1S6

(herein called "Employee")

AND:

**CASINO ENTERTAINMENT INC.**, a company duly incorporated  
under the laws of Delaware

(hereinafter called the "Corporation" or "CASINO")

**WHEREAS:**

- A.** The Corporation is actively seeking out and investigate possible business opportunities for the purpose of possibly acquiring or merging with one or more business (the "**Business**").
- B.** The Employee will be employed by the Corporation as the President and Chief Financial Officer.
- C.** The Corporation expends significant time, energy and funds to maintain its relationships with its clients and customers, and information relating to its clients and customers and its method of conducting business is highly confidential. Therefore, it is important that the Employee agrees to certain restrictive covenants with respect to confidential information and clientele or shareholders of the Corporation.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

**ARTICLE 1**

**DEFINITIONS**

For purposes of this Agreement, the following terms shall have the meanings set forth below:

- a) "**Board**" means the Board of Directors of the Corporation.

- b) **"Cause"** means:
- i. any material dishonesty by the Employee in connection with his dealings with the Corporation or any Client, Customer or Shareholder;
  - ii. any willful violation of a material provision of this Agreement;
  - iii. the material failure of the Employee to perform his duties hereunder, resulting in damage to the Corporation;
  - iv. a violation of any of the covenants contained in Article 8 hereof;
  - v. conviction or admission of a crime which is regarded at law as a felony;
  - vi. the habitual consumption of and being under the influence of illegal drugs or alcoholic beverages while on working time which affects the performance by the Employee of his duties and responsibilities.
- c) **"Customer"** means any person, trust, partnership, corporation or other entity for which the Corporation (i) rendered services during the twenty-four (24) months preceding the termination of employment of the Employee; (ii) made a written proposal for services during the twenty-four (24) months preceding the termination of employment of the Employee; or (iii) anticipates that a written proposal will be made based upon contacts or solicitation during the twenty-four (24) months preceding the termination of employment of the Employee; and (iv) all persons, trusts, partnerships, corporations or other entities affiliated with, controlling, controlled by or under common control with any of the foregoing.
- d) **"Fiscal Year"** means the taxable year of the Corporation for Federal income tax purposes.
- e) **"Party"** means and includes, whenever the context permits, all of the signatories of this Agreement and their respective successors and Legal Representatives.
- f) **"Person"** means a natural person, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.
- g) **"Wholly Disabled"** means physical or mental impairment which entitles the Employee to receive benefits for total disability pursuant to the Social Security Act, or when, as a result of personal injury or sickness, he is so disabled that he is prevented from performing the principal duties of his employment and is under the regular care and attendance of a currently licensed physician or surgeon.

## **ARTICLE 2**

### **EMPLOYMENT AND DUTIES**

The Employee will be employed as the President and Chief Financial Officer of "CASINO" and the Employee accepts such employment with the Corporation. The Employee shall devote his professional time and attention to the Corporations business. The Employee's duties with respect to the Corporation shall include:

- a) managing the day to day operational affairs of the Company;
- b) overseeing all routine banking and financial matters, and assisting the Board as a planner and advisor in all non-routine banking affairs and relations (non-routine to include any loans or the re-financing of any current or future loans held by the Company);
- c) assisting the Board in the selection of any sites for expansion of the Business;



- d) maintaining favorable relationships with existing Customers and Shareholders; and
- e) Preparing, reviewing, editing, management and coordination of contractual and regulatory filing documents

### **ARTICLE 3**

#### **TERM**

- 3.1 Termination by Corporation Without Cause. The term of employment shall terminate, at any time, if the Corporation gives the Employee written notice, and the effective date shall be the date of such notice unless otherwise stipulated by Corporation, provided that:
- a) In the event of termination without Cause during the first year of the Agreement, Corporation shall pay the Employee that amount equal to the prorated amount of his then-current Base Salary representing a six week period.
  - b) In the event of termination without Cause during the second year of the Agreement, Corporation shall pay the Employee an amount equal to the prorated amount of his then-current Base Salary representing an eight week period.
- 3.2 Termination for Cause. The term of employment shall terminate, at any time, if the Corporation gives to the Employee notice of immediate termination for Cause, in which case the effective date of termination shall be the date on which such notice is given.
- 3.3 Disability. The term of employment shall terminate if the Employee becomes Wholly Disabled and the Corporation gives written notice of termination to Employee and such termination shall be considered without Cause for purposes of this Article 3.
- 3.4 Death. The term of employment shall terminate upon the death of the Employee and such termination shall be considered without Cause for purposes of this Article 3.
- 3.5 Voluntary Withdrawal By Employee. The term of employment shall terminate if the Employee gives to the Corporation prior written notice of voluntary termination and the effective date of the termination. At the sole option of the Corporation, such termination may be considered termination with Cause for purposes of this Article 3. The effective date of any voluntary withdrawal shall be not less than ninety (90) nor more than one hundred & eighty (180) days after the date of the notice of voluntary termination. At any time prior to the effective date of such termination as designated in such notice of voluntary termination, the Corporation may accelerate the effective date of termination by giving notice thereof to the Employee. Such accelerated effective date of termination shall be designated in the Corporation's notice of acceleration and may be the date of the giving of notice of acceleration by the Corporation or any date thereafter which is prior to the effective date designated in the Employee's original notice.

### **ARTICLE 4**

#### **COMPENSATION**

#### **4.1 Base Salary.**

- a) **Amount of Salary.** The Employee shall receive a Base Salary of \$5000 per month.
- b) **Payment of Base Salary.** The Base Salary shall be paid in equal installments in accordance with the normal payroll policies of the Corporation which shall not be less frequently than monthly.

## **ARTICLE 5**

### **FRINGE BENEFITS**

- a) **Insurance**. In the event that and so long as the Corporation maintains the following plans, the Corporation will provide the Employee with Directors Liability Insurance.

## **ARTICLE 6**

### **Representations, Warranties and Covenants**

- a) **Representations, Warranties and Covenants of Corporation**. Corporation as of the date hereof represents, warrants and covenants to Employee as follows:

The Corporation is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own its properties and to carry on its business as now being conducted.

The Corporation (i) has the requisite corporate power and authority to enter into and perform this Agreement; (ii) the execution and delivery of this Agreement by the Corporation and the consummation of the transactions contemplated hereby have been duly authorized by the Board and no further consent or authorization of the Corporation or its Board or shareholders is required; (iii) this Agreement has been duly executed and delivered by the Corporation; and (iv) this Agreement constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

- b) **Representations, Warranties and Covenants of Employee**. Employee hereby as of the date hereof represents, warrants and covenants to Corporation that the Employee has the ability to enter into this Agreement without breaching any other contract, including, but not limited to, any employment agreement, non-competition agreement or covenant not to compete violating any law or administrative regulation and this Agreement constitutes a valid and binding obligation of Employee, enforceable against Employee in accordance with its terms.

## **ARTICLE 7**

### **RESTRICTIVE COVENANTS**

- a) **Acknowledgments as to Customers and Trade Secrets.** The Employee acknowledges (i) that he shall have access to the internal business organization, and other highly confidential information and matters of the Corporation ; (ii) that the Corporation has a proprietary interest in their customers and internal business records and procedures; (iii) that all documents and information concerning the method of conducting business, sales, prices and costs of the Corporation and specialized requirements of the Corporation are highly confidential and constitute trade secrets of the Corporation; (iv) that the Corporation have expended considerable funds to maintain their business relationships, and (v) that the Corporation has a proprietary interest in and to their trade secrets. All of the foregoing trade secrets of the Corporation and the Subsidiary shall be referred to in this Agreement individually as a "**Trade Secret**" or collectively as the "**Trade Secrets**".
- b) **Confidentiality and Use.** In recognition of the acknowledged importance and sensitivity of the Trade Secrets to which the Employee has access, the Employee agrees that during the Employee's term of employment with the Corporation and forever following the termination of his employment with the Corporation for any reason, with or without cause or voluntarily, the Employee shall not, directly or indirectly, sell, alienate, transfer, assign or divulge any of the Trade Secrets of the Corporation or the Subsidiary to any past, present or potential customer or competitor of the Corporation, nor shall the Employee use the Trade Secrets of the Corporation or the Subsidiary for his own benefit or for the benefit of any person or entity with whom he is employed or has an economic interest.
- c) **Solicitation of Customers.** The Employee agrees that, for the term of the Employee's employment with the Corporation and for a period of twenty-four months (24) following the termination of his employment with the Corporation for any reason, with or without cause or voluntarily, the Employee shall not solicit, directly or indirectly, on his own behalf, nor on behalf of any corporation, partnership, joint venture, individual or other Person other than the Corporation, the business of any Customer.
- d) **Solicitation of Employees.** The Employee agrees that, for the term of the Employee's employment with the Corporation and for a period of twenty-four months (24) following the termination of his employment with the Corporation for any reason, with or without cause or voluntarily, the Employee shall not offer, directly or indirectly, employment to any employee of the Corporation employed during the Employee's employment or employed by the Corporation in the twenty four (24) months following Employee's termination, regardless of whether such offer be on Employee's own behalf or on behalf of any corporation, partnership, joint venture, individual or other Person other than the Corporation, nor will Employee, directly or indirectly, cause any corporation, partnership, joint venture, individual or other Person other than the Corporation to hire any such employee of the corporation.
- e) **Restriction on Competition.** In recognition of the acknowledged importance and sensitivity of the Trade Secrets to which the Employee has access and the legitimate needs of Corporation to protect and enjoy its goodwill and customer relationships, the Employee agrees that for a period of two (2) years following the termination of his employment with the Corporation for any

reason, with or without cause or voluntarily, Employee shall not, within a radius of twenty (20) miles of the Corporation, directly or indirectly, own, operate, manage, control, consult with, be a joint venture with, advise, or be engaged as an employee or otherwise by any Person, or own any securities of any Person, which sells products or services similar to those sold or offered by the Corporation.

- f) **Reasonable Limit.** The parties have attempted to limit the Employee's ability and right to compete only to the extent necessary to protect the Corporation from unfair competition. If, however, the scope or enforceability of the restrictive covenants contained in this Agreement are in any way disputed at any time, a court or other trier of fact may modify and enforce the covenants to the extent that it believes is reasonable under the circumstances existing at that time.
- g) **Computation of Damages.** The Employee agrees that if he breaches the restrictive covenants set forth in this Agreement, he shall pay the actual damages which the Corporation sustains following such breach. In addition to the actual damage amount, the Employee shall pay the reasonable attorneys' fees, costs and professionals' fees of the Corporation that arise from or are associated with the Employee's breach of any such restrictive covenant.
- h) **Continuing Nature of Damages.** The Employee acknowledges that upon breaching the restrictive covenants contained in this Agreement, he will cause damage of an irreparable and continuing nature to the Corporation for which money damages may not provide adequate relief. Therefore, the Employee agrees that in addition to any money damages, which only compensate the Corporation for damages they have already suffered, the Corporation is also entitled to obtain an injunction for the remainder of the period specified in the restrictive covenant which the Employee breached. Employee acknowledges that he will be able to earn a living without violating the restrictive covenants contained in this Agreement.
- i) **Cumulative Remedies.** The remedies contained in this Article are in addition to any other remedies either specified in this Agreement or otherwise available.
- j) **Survival of Covenants.** The Employee's duties and obligations under this Article shall survive the termination of this Agreement or any of the provisions of this Agreement. If the Corporation resorts to the courts for enforcement of these restrictive covenants, then the duration of the restrictive covenants shall be extended for a period of time equal to the period of such breach, commencing on the date of a final court order, settlement agreement or the award of any mediator or arbitrator.

## **ARTICLE 8**

### **RETURN OF DATA**

Upon the termination of the Employee's employment with the Corporation for any reason, the Employee shall promptly return to the Corporation all notes, data, reference materials, logos, estimates, proposals, artwork, memoranda, documents, instruments, records and all other information which in any way incorporates or reflects the Corporation's Customer names, customer lists, or other Trade Secrets or any information related to Trade Secrets.

## **ARTICLE 9**

### **GENERAL**

- a) **Termination of Agreement.** In addition to any other provisions of this Agreement, this Agreement shall terminate upon the happening of any one of the following events:
- b) **Agreement.** The parties execution of an instrument that specifically terminates this Agreement;
- c) **Bankruptcy.** The expiration of thirty (30) days following the filing of a petition in bankruptcy by or against the Corporation, if such petition is not dismissed during such thirty (30) day period; or
- d) **Dissolution.** The voluntary or involuntary dissolution of the Corporation.
- e) **Prior Rights Preserved.** Nothing contained in this Section shall affect or impair any of the rights or obligations arising prior to or at the time of the termination of this Agreement, or which may arise by any event causing the termination of this Agreement. Articles 7 and 8 of this Agreement shall survive the termination of this Agreement for any reason.
- f) **Cessation of Payments.** In the event of termination pursuant to this Article, then Employee's right to termination pay and COBRA payments in accordance with Section 3.1 shall immediately cease. Additionally, all benefits to the Employee shall cease immediately upon termination under this Article.
- g) **Notices.** All notices, requests, consents, approvals or agreements concerning this Agreement shall be given in writing either by actual delivery of the notice into the hands of the Party entitled to receive it, or by mailing such notice by registered or certified mail, return receipt requested, in which case the notice shall be deemed to be given on the date of its mailing. All such notices shall be addressed as follows:

i. **If to the Corporation:**

ii. **If to the Employee:**

- h) **Personal Services.** This is an agreement for personal services and as such the Employee may not assign any of his rights, duties and obligations under this Agreement.
- i) **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Employee and the Corporation, as well as their respective heirs, personal representatives and assigns.
- j) **Complete Understanding.** This Agreement constitutes the complete understanding between the parties and supersedes any prior understanding between the parties whether written or oral. No alteration or modification of any of this Agreement's provisions shall be valid unless made in writing and signed by all parties.
- k) **Applicable Law.** The laws of the Province of British Columbia shall govern this Agreement, irrespective of the fact that one or more of the parties now is or may become a resident of a different province, jurisdiction or state.
- l) **Severability.** In the event a court of competent jurisdiction adjudicates any one or more of this Agreement's provisions as invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any of this Agreement's other provisions, and this Agreement shall be construed as if it had never contained such invalid, illegal or unenforceable provision.
- m) **Execution.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and such counterparts together will constitute one instrument.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year first above written.

Signed, Sealed and Delivered by

**KENT CARASQUERO**

in the presence of:

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)  
)  
)  
)  
)

/s/ Kent Carasquero

KENT CARASQUERO

Signed, Sealed and Delivered by

**CASINO ENTERTAINMENT INC.**

was hereunto affixed in the presence of:

\_\_\_\_\_

)  
)  
)  
)  
)

/s/ Kent Carasquero

KENT CARASQUERO, President

## EXHIBIT 31

### CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kent Carasquero, chief executive officer and chief financial officer of Ouvo, Inc. ("Registrant") certify that:

1. I have reviewed this Annual Report on Form 10-KSB ("Report") of Registrant;
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the period presented in this Report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant is made known to me by others within those entities, particularly during the period in which this Report is being prepared;
  - b) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - c) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: August 28, 2006

/s Kent Carasquero

Kent Carasquero, Chief Executive Officer and Chief Financial Officer

## EXHIBIT 32

### CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-KSB of Ouvo, Inc. ("Registrant") for the year ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof ("Report"), I, Kent Carasquero, chief executive officer and chief financial officer, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) This Report complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly represents, in all material respects, the financial condition of Registrant at the end of the period covered by this Report and results of operations of Registrant for the period covered by this Report.

Date: August 28, 2006

/s/ Kent Carasquero

Kent Carasquero

Chief Executive Officer and Chief Financial Officer

This certification accompanies this Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by Registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.