

AMERICAN POST TENSION, INC.

Form 10-Q/A

July 22, 2008

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q/A
Amendment No. 2**

(Mark One)

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

For the Quarterly Period Ended June 30, 2007

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

For the Transition Period From _____ TO _____

**Commission file number: 0-50090
AMERICAN POST TENSION, INC.
(Exact name of registrant as specified in its charter)**

Delaware
(State or other jurisdiction of incorporation or organization)

13-3926203
(IRS Employer Identification No.)

1179 Center Point Drive, Henderson, NV
(Address of principal executive offices)

89074
(Zip Code)

(702) 565-7866

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of August 13, 2007, the registrant had 34,241,600 shares of Common Stock (\$0.0001 par value) outstanding.

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Certification of Chief Executive Officer Pursuant to Section 302

Certification of Principal Financial and Accounting Officer Pursuant to Section 302

Certification of Chief Executive Officer Pursuant to Section 906

Certification of Principal Financial and Accounting Officer Pursuant to Section 906

FORWARD-LOOKING INFORMATION

To the extent that the information presented in this Amended Quarterly Report on Form 10-Q/A for the quarter and the six months ended June 30, 2007 discusses financial projections, information or expectations about our products or markets, or otherwise makes statements about future events or statements regarding the intent, belief or current expectations of Magic Communications, Inc. and its subsidiary (collectively the Company), its directors or its officers with respect to, among other things, future events and financial trends affecting the Company, such statements are forward-looking. We are making these forward-looking statements in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Forward-looking statements are typically identified by the words believes, expects, anticipates, and similar expressions. In addition, any statements that refer to expectations or other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and that matters referred to in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the pace of residential construction in our geographic markets, changes in mortgage interest rates, prices and availability of raw materials and supplies, our ability to locate, acquire, pay for, and integrate other businesses that complement ours, our ability to expand our business into the commercial construction field, our ability to attract and retain qualified personnel if and as our business grows, and risks associated with our stock being classified as a penny stock. We undertake no obligation to publicly update or revise these forward-looking statements because of new information, future events or otherwise, except as required by law.

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Explanatory Note

We are amending our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 filed on August 14, 2007 and as amended in Amendment No. 1 thereto, also filed on August 14, 2007) (the Original Filing), to restate our condensed consolidated financial statements for the quarter ended June 30, 2007 and the related disclosures to conform this report to our audited financial statements for the calendar year 2007 as reported in our Annual Report on Form 10-K, filed on May 8, 2008. See Note 4, Restatement of Consolidated Financial Statements, Special Committee and Company Findings of the Notes to Condensed Consolidated Financial Statements. for a detailed discussion of the effect of the restatement.

The restatement of the Original Filing reflected in this amended Quarterly Report on Form 10-Q/ A includes adjustments arising from the determinations of a Special Committee of our Board of Directors, consisting of independent members of the Board of Directors, which was formed on November 30, 2007, and our former Chief Financial Officer to conduct an internal review of our prior recording of compensation expense for stock issued in connection with the merger of the Company s subsidiary and Post Tension of Nevada on April 12, 2007.

For more information on these matters, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations Restatement of Consolidated Financial Statements, Special Committee and Company Findings and Note 4 of the Notes to the Condensed Consolidated Financial Statements.

As a result of the findings of the Special Committee as well as our internal review, we concluded that we needed to amend the Original Report to restate our condensed consolidated financial statements for the quarter ended June 30, 2007 and the related disclosures. We have restated the June 30, 2007 financial statements included in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2007. We also are restating the September 30, 2007 financial statements with the filing of an amended Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2007. We have not amended and we do not intend to amend any of our other previously filed annual reports on Form 10-K or quarterly reports on Form 10-Q for the periods affected by the restatement or adjustments other than (i) this amended Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2007 and (ii) an amended Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2007. The changes contained in this Form 10-Q/A have already been reflected in our Form 10-K for the fiscal year ended December 31, 2007 filed on May 8, 2008.

All of the information in this amended Quarterly Report on Form 10-Q/A is as of June 30, 2007 and does not reflect events occurring after the date of the Original Filing, other than the restatement, or modify or update disclosures (including, the exhibits to the Original Filing, except for the updated Exhibits 31.1, 31.2, 32.1, and 32.2 described below) affected by subsequent events. For the convenience of the reader, this amended Quarterly Report on Form 10-Q/ A sets forth the Original Filing in its entirety, as amended by, and to reflect, the restatement. The following sections of this Form 10-Q/A were adjusted to reflect the findings of the Special Committee as well as our internal review:

Part I Item 1 Unaudited Financial Statements;

Part I Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations;

This amended Quarterly Report on Form 10-Q/A should be read in conjunction with our amended Quarterly Report on Form 10-Q/A for the three months ended September 30, 2007, our Annual Report for the fiscal year ended December 31, 2007 on Form 10-K, and our periodic filings made with the SEC subsequent to the date of the Original Filing and any Current Reports filed on Form 8-K subsequent to the date of the Original Filing. In addition, in accordance with applicable SEC rules, this amended Quarterly Report on Form 10-Q/A includes updated certifications from our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as Exhibits 31.1, 31.2, 32.1, and 32.2.

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1.**

UNAUDITED CONDENSED FINANCIAL STATEMENTS
AMERICAN POST TENSION, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
June 30, 2007

	June 30,	December
	2007	31,
	(As	2006
	restated)(1)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,822,874	\$ 2,937,178
Accounts receivable, net of allowance for doubtful accounts of \$291,100 at June 30, 2007 and December 31, 2006	2,502,759	1,885,808
Inventory	1,112,795	2,752,337
Prepaid expenses	43,044	116,697
Total current assets	5,481,472	7,692,020
Property and equipment, net of accumulated depreciation of \$1,152,723 at June 30, 2007 and \$1,107,309 at December 31, 2006	1,064,180	1,065,148
Total assets	\$ 6,545,652	\$ 8,757,168
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 483,060	\$ 498,939
Accrued interest	9,700	9,700
Income taxes payable	155,080	
Current portion of long-term debt	4,884	9,577
Shareholder loans - current portion	454,762	530,106
Total current liabilities	1,107,486	1,048,322
Long-term liabilities:		
Shareholder loans		203,684
Total liabilities	1,107,486	1,252,006
Shareholders' equity:		

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Preferred stock, \$.0001 par value authorized, 1,000,000 shares at June 30, 2007 and December 31, 2006; no shares issued or outstanding at June 30, 2007 and December 31, 2006		
Common stock, \$.0001 par value authorized, 50,000,000 shares at June 30, 2007 and December 31, 2006; issued, 34,241,600 and 25,400,160 shares at June 30, 2007 and December 31, 2006, respectively	3,424	2,540
Additional paid-in capital	5,133,804	7,574
Retained Earnings	300,938	7,495,048
Total shareholders equity	5,438,166	7,505,162
Total liabilities and shareholders equity	\$ 6,545,652	\$ 8,757,168

(1) See Note 4,
Restatement of
Consolidated
Financial
Statements,
Special
Committee and
Company
Findings of the
Notes to
Condensed
Consolidated
Financial
Statements.

The accompanying notes are an integral part of the unaudited condensed financial statements.

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AMERICAN POST TENSION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2007

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007 (As restated)(1)	2006	2007 (As restarted)(1)	2006
Sales	\$ 4,881,033	\$ 9,304,034	\$ 8,611,042	\$ 19,999,570
Cost of sales	3,337,458	6,414,173	6,114,943	13,398,807
Gross margin	1,543,575	2,889,861	2,496,099	6,600,763
Other costs and expenses				
Selling, general and administrative	1,099,989	1,134,366	2,185,352	2,265,740
Income from operations	443,586	1,755,495	310,747	4,335,023
Other income and (expense)				
Merger related expenses and costs	(3,219,400)		(3,219,400)	
Other income (expense), net	11,733	(10,041)	736,366	22,243
Interest income, net	17,910	46,518	48,544	63,649
	(3,189,757)	(36,477)	(2,434,490)	85,893
Net income before income tax	\$ (2,746,171)	\$ 1,791,971	\$ (2,123,744)	\$ 4,420,916
Provision for income taxes	155,080		155,080	
Net income	(1,901,251)	1,791,971	(2,278,582)	4,420,916
Net income per share basic	\$ (0.09)	\$ 0.07	\$ (0.08)	\$ 0.17
Net income per share diluted	\$ (0.09)	\$ 0.07	\$ (0.08)	\$ 0.17
Distributions per share	\$ 0.08	\$ 0.17	\$ 0.10	\$ 0.18

Weighted average common shares
outstanding:

Basic	33,172,855	25,400,160	29,307,979	25,400,160
Diluted	33,172,855	25,400,160	29,307,979	25,400,160

(1) See Note 4,
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AMERICAN POST TENSION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three and Six Months Ended June 30, 2007

	Three Months Ended June 30, 2007 (As restated)(1)		Six Months Ended June 30, 2007 (As restated)(1)	
	2006		2006	
Net Income	\$ (2,901,251)	\$ 1,791,971	\$ (2,278,824)	\$ 4,420,916
Adjustment to reconcile net income to net cash provided (used in) by operating activities:				
Depreciation	25,779	17,962	45,414	35,925
Shares issued as part of merger in lieu of cash	3,142,245		3,142,245	
Shares issued to employees	59,944		59,944	
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(337,105)	1,844,141	(616,951)	1,096,022
Inventory	657,271	(41,872)	1,639,542	(163,153)
Prepaid expenses and other assets	25,826	(16,872)	73,653	38,069
Increase (decrease) in				
Accounts payable and accrued expenses	10,069	(501,540)	(15,879)	312,632
Accrued income taxes payable	155,080		155,080	
Total adjustments	3,739,109	1,301,819	4,483,048	1,319,495
Net cash provided (used in) operating activities	837,858	3,093,791	2,204,225	5,740,411
Cash flows from investing activities:				
Acquisition (sale) if property and equipment	(44,447)	(21,231)	(44,446)	(5,992)
Net cash provided (used) in investing activities	(44,447)	(21,231)	(44,446)	(5,992)
Cash from financing activities:				
Shareholder distributions	(2,556,718)	(4,356,000)	(2,556,718)	(4,610,342)
Issuance of shares for public shell net assets	4,407		4,407	
Decrease in line of credit		(159,200)		(369,475)
Repayment of loans payable	(2,370)	(5,793)	(2,370)	(11,120)
Repayment of shareholder loans	(131,351)		(131,351)	
Net cash provided by financing activities	(2,686,032)	(4,521,093)	(2,686,032)	(4,990,937)

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Net increase (decrease) in cash and cash equivalents	(1,892,621)	(1,448,534)	(1,892,621)	743,481
Cash and cash equivalents, beginning of period	3,715,495	4,447,914	3,715,495	2,255,899
Cash and cash equivalents, end of period	\$ 1,822,874	\$ 2,999,380	\$ 1,822,874	\$ 2,999,380

(1) See Note 4, Restatement of Consolidated Financial Statements, Special Committee and Company Findings of the Notes to Condensed Consolidated Financial Statements.

The accompanying notes are an integral part of the unaudited condensed financial statements.

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AMERICAN POST TENSION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
For the Six Months Ended June 30, 2007

	Common Stock		Additional		Total	
	Common		Paid-in		Retained	Shareholders
	Shares	Amount	Capital		Earnings	Equity
Balances at December 31, 2006	25,400,160	\$ 2,540	\$ 7,574		\$ 7,495,048	\$ 7,505,162
Net income					622,428	622,428
Distributions to shareholders					(438,050)	(438,050)
Balances at March 31, 2007	25,400,160	\$ 2,540	\$ 7,574		\$ 7,679,426	\$ 7,689,540
Net income					(2,901,251)	(2,901,251)
Distributions to shareholders					(2,556,718)	(2,556,718)
Issuance of restricted shares for consulting services	5,325,840	533	3,141,712			3,142,245
Issuance of restricted shares to employees of PTNV	101,600	10	59,934			59,944
Magic Communications, Inc. reclassification upon merger on April 12, 2007	3,414,000	341	4,066			4,407
Reclassification of PTNV retained earnings at the time of S Corporation revocation in April 2007				3,168,829	(3,168,829)	
Balances at June 30, 2007	34,241,600	\$ 3,424	\$ 5,133,804		\$ 300,938	\$ 5,438,167

(1) See Note 4,
Restatement of
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Findings of the
Notes to
Condensed
Consolidated
Financial
Statements.

The accompanying notes are an integral part of the unaudited condensed financial statements.

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**AMERICAN POST TENSION, INC.
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007**

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

Company Overview

Magic Communications, Inc. (Magic) was originally formed as a New York corporation on January 16, 1997 and reincorporated as a Delaware corporation in November 2002 for the purpose of offering Internet kiosks where the public could access the Internet for a fee. Magic did not develop that business, and, from June 1997 until April 2007 Magic engaged in the business of contracting with various locations such as malls, gas stations, stores and office buildings to install pay phones that were an alternative to those provided by the primary local service provider (Verizon). As discussed below, immediately following the completion of the Merger (as defined below), Magic sold substantially all of its assets relating to this business to Illusions, LLC, a Florida limited liability company controlled by Stephen Rogers, Magic s President and Chief Executive Officer immediately prior to the consummation of the Merger and a director prior to the Merger. Illusions also assumed most of Magic s liabilities in connection with the sale of those assets. Magic is no longer engaged in the business of installing or operating pay telephones. Magic Communications, Inc., subsequent to the merger, changed its name to American Post Tension, Inc. (APTI) on September 24, 2007.

Merger Agreement with Post Tension of Nevada

On December 28, 2006, Magic entered into a Memorandum of Understanding with Post Tension of Nevada, a Nevada corporation (PTNV), which became firm, and was announced in a Current Report on Form 8-K, filed with the SEC on February 20, 2007. On April 12, 2007, a Current Report on Form 8-K filed with the SEC reported the completion of the definitive Agreement and Plan of Merger (the Merger Agreement) with PTNV and PTNV Acquisition Corp, a Florida corporation and a wholly-owned subsidiary of Magic (Acquisition Corp.). The Merger Agreement provided that, upon the terms and subject to the conditions set forth in the Merger Agreement, Acquisition Corp. would merge with and into PTNV (the Merger). As a result of the Merger, PTNV became a wholly-owned subsidiary of Magic. Each outstanding share of PTNV common stock was converted into the right to receive 10,160.064 shares of the Company s common stock as set forth in the Merger Agreement. Under the terms of the Merger Agreement at closing, the Company issued, and the PTNV stockholders received, in a tax-free exchange, shares of Company common stock such that PTNV stockholders now own approximately 90% of the issued and outstanding shares of the Company.

As a result of the Merger, as the acquired entity s shareholders exercise control over Magic, the transaction is deemed to be a capital transaction whereby Magic is treated as a non-business entity. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except no goodwill or other intangible assets will be recorded as a result of the Merger. Accordingly, the Company did not recognize goodwill or any other intangible assets in connection with the transaction. PTNV is treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to merger are those of PTNV and post merger, the financial statements represent the consolidated financial position and operating results of Magic Communications, Inc. and its wholly-owned subsidiary, Post Tension of Nevada. All references to shares and per share amounts in the accompanying financial statements have been restated to reflect the aforementioned share exchange.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards SFAS No. 141, *Business Combinations* and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and broadens the criteria for recording intangible assets separate from goodwill. Recorded goodwill and intangibles will be evaluated against these new criteria and may result in certain intangibles being subsumed into goodwill, or alternatively, amounts initially recorded as goodwill may be separately identified and recognized apart from goodwill. SFAS No. 142 requires the use

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of a non-amortization approach to account for purchased goodwill and certain intangibles. Under a non-amortization approach, goodwill and certain intangibles is more than its fair value. Goodwill is the excess of the acquisition costs of the acquired entity over the fair value of the identifiable net assets acquired. The Company is required to test goodwill and intangible assets that are determined to have an indefinite life for impairments at least annually. The provisions of SFAS No. 142 require the completion of an annual impairment test with any impairment recognized in current earnings. The provisions of SFAS No. 141 and SFAS No. 142 may be applicable to any business combination that we may enter into in the future.

On April 23, 2007, Magic filed a Schedule 14F-1 and as amended by a Schedule 14F-1/A filed on June 6, 2007 regarding a change in the majority of directors to comply with Rule 14f-1. The description of the transactions contemplated by the Merger Agreement set forth herein does not purport to be complete and is qualified in its entirety by reference to the full text of the exhibit in a Current Report on Form 8-K/A, Amendment No. 2, filed on June 28, 2007 and incorporated by this reference.

The Company now operates its business through PTNV, a Henderson, Nevada based company. We provide post-tension components and systems that reinforce concrete construction for the residential and commercial markets of the western United States. PTNV is 20 years old, and we believe that PTNV is one of the largest domestically owned post tension companies. PTNV provides both full service and freight-on-board components. The full-service business accounts for 90% of PTNV's revenues, and the margins for the full-service residential SOG market are typically higher than for product sales. Before concrete slab (slab-on-ground (SOG)) foundations are poured, PTNV installs the post-tension system. After the foundation is poured, with the system in place, when the proper pressure is achieved, the post-tension cables are then tensioned to thirty-three thousand pounds each tendon. This creates a stronger base that eliminates unwanted expansion movement and settling that can otherwise damage interior and exterior walls. PTNV designs disburse the load throughout the slab, not only on perimeter or load-bearing walls. In 2006, PTNV installed approximately fifty-one million square feet of post tension foundations, utilizing approximately 50 million linear feet of post-tensioning cable. PTNV serves its customers from its 4 offices Las Vegas, Nevada (corporate headquarters), Phoenix Arizona, Tucson Arizona, and Denver Colorado.

Product and Service

According to the Post-Tensioning Institute, Post-Tensioning is a method of reinforcing concrete, masonry, and other structural elements. Post-Tensioning is a method of prestressing. Prestressed concrete or masonry has internal stresses (forces) induced into it during the construction phase for the purpose of counteracting the anticipated external loads that it will encounter during its lifecycle. There are two methods of prestressing. One is called pre-tensioning. This method consists of stressing the reinforcing inside of large steel buttresses, and then casting the concrete around the reinforcing. This method can only be done at a precast manufacturing facility and requires the completed prestressed concrete members to be trucked out to the job site and then assembled. The other method of prestressing is called post-tensioning. Instead of stressing the reinforcing inside of large steel buttresses at a manufacturing plant, the reinforcing is simply installed on the job site after the contractor forms up the slabs or constructs the walls. The reinforcing steel is housed in sheathing or duct that prevents the steel from bonding to the concrete so that it can be stressed after the concrete cures (hardens). Using the post-tensioning method of prestressing enables a builder to get all the advantages of prestressed concrete while still enabling the freedom to construct the member (slab, wall, column, etc.) on the job site.

Today, a post-tension slab costs no more than a rebar slab (a slab with reinforcing steel built into it at a manufacturing plant) and in some instances, even less. Post tension inhibits unwanted expansion movement and settling that can damage interior and exterior walls. Post tension designs disburse the load throughout the slab, not only on perimeter or load-bearing walls, and, for more than 30 years, post tension construction has demonstrated excellent performance, especially in poor soil, which is common in most regions of the country.

We purchase raw cable, anchors, rebar, wedges, stressing equipment and parts, splice chucks, end protectors, dead-end spacers and pocket formers from a small number of high quality suppliers and enjoy

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excellent relationships with our suppliers. We depend on our suppliers for all of our raw materials. Like other users of steel products, we have experienced increases of the cost of our materials over recent years. We have been able to manage these cost increases and maintain our margins by effective management but remain susceptible to further vagaries in the price of these raw materials. The company is also affected by the market of our main customer, subcontractors to the housing and commercial builders.

Currently PTNV has 110 employees. We do not outsource our labor; however, we have used on occasion temporary services to hire office personnel. None of our employees were represented by a union during the quarter ended June 30, 2007, and we believe relationships with our employees are good.

Markets and Marketing

We are a well known and respected company with high saturation throughout the western United States. Within the residential housing markets of Las Vegas, Nevada and Phoenix, Arizona, we have a 70% market share and an 80% market share in Denver, Colorado and Tucson, Arizona. In 1994, we became the first company to provide post tension services in Arizona. We currently operate in several high growth markets with new construction. Residential construction accounts for the majority of our slab-on-ground revenues, while commercial construction is much smaller at this time. We intend to expand our workforce in 2007 by hiring additional salespeople and draft engineers. Starting in Las Vegas, we will attempt to generate sales in the high rise market, which is expected to see \$10 billion of new construction on the Las Vegas Strip in the next five years. We can provide no assurance, however, that we will be successful in obtaining a significant, or any, market share in the commercial construction market.

In addition to the SOG post-tensioning products and services described above, we also provide materials to our customers on a freight-on-board (FOB) basis the buyer assumes the responsibility for the shipment and shipping charges of the materials purchased from us. Today, we offer this service to clients in Utah and California Our plans are to attempt to expand the reach of our FOB business, although we cannot provide any assurance that we will be able to increase this segment of our business in accordance with our plans, if at all. It is our intention to expand our presence in this market segment by expanding our workforce and marketing to this customer base as well as acquisition of other companies with an existing presence in this market. At this time, we have no definitive plans to acquire any other businesses, and we cannot provide assurances that we will be able to acquire businesses in this area on terms that are favorable to us.

We have a reputation for providing superior services to our clients. Some clients have been depending on us for 20 years, though there are no long term contracts with them. However, the company is currently negotiating with one of the largest home builders in the United States to make us the exclusive provider of post tension services to all concrete contractors used by the builder, in the states of Nevada, Arizona and Colorado. We cannot provide any assurances that we will be able to successfully negotiate this arrangement or that, if we are able to negotiate such an arrangement, the arrangement will be on terms that we prefer. The company has 99 customers. Most of them are contractors, concrete suppliers and other subcontractors to the construction industry. The top 10 customers each accounted for between just over \$5.3 million and just under \$5.4 million in our revenues for the six months ended June 30, 2007.

Competition

Our competition in supplying full-service post tension technology and FOB service to the target markets consists primarily of other post tension companies located in the United States, some of which are owned by European companies. We believe that we are the largest domestic owned post tension company in the United States. Other smaller domestic companies have no distinct advantage, other than geographic location, over PTNV. The two largest international companies of which we are aware have more completed high rise projects, but we do not believe that will significantly diminish our ability to provide full service to similar projects in the future.

Of the 25 companies that belong to the Post Tensioning Institute, PTNV is the third largest. Our two main competitors are Suncoast Post Tension, a Keller Company, and DSI (Dywidag-Systems

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International) both owned by European companies. Regionally, there are a handful of firms that provide similar services. Throughout the entire United States there are approximately 40 companies like us. It is well known throughout the industry that both Suncoast and DSI are able to handle larger high rise projects but struggle in the SOG market because we offer labor as part of the total service and the others offer only materials. When they compete in our markets they have to add the labor to be competitive from a service perspective.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and with Form 10-Q and Item 310 of Regulation S-K of the Securities and Exchange Commission. Accordingly, they do not contain all the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant inter-company balances and transactions have been eliminated in consolidation. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to make the financial position of the Company as of June 30, 2007 and the results of operations and cash flows for the three months and six months ended June 30, 2007 and 2006 not misleading. The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements contained in Form 8-K/A filed on June 28, 2007, and the audited financial statements contained in our Form 10-K for the year ended December 31, 2007 filed on May 8, 2008.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue and Cost Recognition Revenues from fixed-price construction contracts are recorded using the completed contract method whereby revenues are earned when the contract is substantially completed. Contracts are considered substantially completed when the concrete slab has been poured. Revenue from sales of materials only is recorded upon shipment of the materials. Contract costs include all direct material and labor as well as those indirect costs related to contract performance such as indirect labor, supplies, tools, repairs, and depreciation. Selling, general, and administrative costs are charged to expense as incurred.

Cash, Cash Equivalents and Concentration of Credit Risk The Company considers all highly liquid temporary cash investments with an original maturity of three months or less when purchased, to be cash equivalents. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash. The Company maintains its cash accounts at high quality financial institutions with balances, at times, in excess of federally insured limits. As of June 30, 2007, the Company had cash balances of \$1,822,874, which is in excess of the federally insured limit of \$100,000. The Company has substantial cash balances which are invested in a money market account with a bank.

Fair Value of Financial Instruments The carrying amounts reported in the balance sheet for accounts payable, accrued expenses, and due to related parties approximate fair value based on the short-term maturity of these instruments.

Accounts receivable, trade Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company extends unsecured credit to its customers in the ordinary course of business but mitigates the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts is established and determined based on management's assessment of known requirements, aging of receivables, payment history, the customer's current credit worthiness and

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the economic environment. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The Company follows the practice of filing statutory mechanics liens on construction projects where collection problems are anticipated. The liens serve, as collateral for those accounts receivable.

Material and Supplies Inventory Inventory consists of raw materials, processed inventory, and inventory on site and is stated at the lower of cost or market using the first-in first-out method.

Equipment and Leasehold Improvements Equipment and leasehold improvements are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 7 years. Leasehold improvements are amortized over the lesser of the estimated life of the asset or the lease term. The lease term for buildings leased from shareholders is considered to be the economic life of the building. Expenditures for maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized. Upon retirement or other disposition of equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are reflected in earnings.

Equipment Under Capital Leases Capital leases, which transfer substantially the entire benefits and risks incident to the ownership of the property to the Company, are accounted for as the acquisition of an asset and the incurrence of an obligation. Under this method of accounting, the cost of the leased asset is amortized principally using the straight-line method over its estimated useful life, the obligation including interest thereon, is liquidated over the life of the lease. Depreciation expense on equipment under a capital lease is included with that of owned equipment.

Advertising Costs Advertising costs are expensed as incurred.

Income Taxes Income taxes are accounted for in accordance with the provisions of SFAS No. 109. Deferred tax assets and liabilities 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. 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized, but no less than quarterly.

Comprehensive Income SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. The Company has not identified any sources of comprehensive income for the periods presented.

Related Parties For the purposes of these financial statements, parties are considered to be related if one party has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Basic and Diluted Earnings/(Loss) Per Share Net earnings and loss per share is computed in accordance with Statement of Financial Standards No. 128, *Earnings Per Share* (SFAS No. 128). SFAS No. 128 requires the presentation of both basic and diluted earnings per share. Basic net earnings and loss per common share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur through the potential effect of common shares issuable upon the exercise of stock options, warrants and convertible securities. The calculation assumes: (i) the exercise of stock options and warrants based on the treasury stock method; and (ii) the conversion of convertible preferred stock only if an entity records earnings from continuing operations, as such adjustments would otherwise be anti-dilutive to earnings per share from continuing operations.

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In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* a replacement of APB Opinion No. 20 and FASB Statement No. 3 (SFAS 154). SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. These requirements apply to all voluntary changes and changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 is effective for fiscal years beginning after December 15, 2005. The adoption of SFAS 154 did not have a material impact on the Company's financial statements or results of operations.

In September 2005, the FASB's Emerging Issues Task Force (EITF) reached a final consensus on Issue 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty* (EITF 04-13). EITF 04-13 requires that two or more legally separate exchange transactions with the same counterparty be combined and considered a single arrangement for purposes of applying APB Opinion No. 29, *Accounting for Nonmonetary Transactions*, when the transactions are entered into in contemplation of one another. EITF 04-13 is effective for new arrangements entered into, or modifications or renewals of existing arrangements, in interim or annual periods beginning after March 15, 2006. The Company does not anticipate that the adoption of this statement will have a material effect on the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*. SFAS No. 154 replaces APB No. 20, *Accounting Changes* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements* and establishes retrospective application as the required method for reporting a change in accounting principle. SFAS No. 154 provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and how to report such a change. The reporting of a correction of an error by restating previously issued financial statements is also addressed. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We adopted the provisions of SFAS No. 154 on January 1, 2007.

In February 2006, FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*, an amendment of FASB Statements No. 133 and 140. SFAS 155 clarifies certain issues relating to embedded derivatives and beneficial interests in securitized financial assets. The provisions of SFAS 155 are effective for all financial instruments acquired or issued after fiscal years beginning after September 15, 2006. The adoption of this pronouncement did not have a material impact on the Company's financial position, results of operations or cash flows.

In July 2006, FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109* (FIN 48). This interpretation establishes for all entities a minimum threshold for financial statement recognition of the benefit of tax positions, and requires certain expanded disclosures. Additionally, FIN 48 provides guidance on measurement, derecognition, classification, interest and penalties, accounting for income taxes in interim periods, as well as the required disclosures and transition. This interpretation is effective for fiscal years beginning after December 31, 2006, and is to be applied to all open tax years as of the date of effectiveness. The adoption of this pronouncement did not have a material impact on the Company's financial position, results of operations or cash flows. There were no unrecognized tax benefits as of January 1, 2007.

In September 2006, the SEC released SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 provides interpretive guidance on the SEC's views on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The provision of SAB 108 is effective for the Company for fiscal year ending December 31, 2006. The Company is currently evaluating the impact of SAB 108 but does not believe that the application of SAB 108 will have a material effect on its financial position, cash flows nor results of operations.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (Statement 157), which addresses how companies should measure fair value when they are required to use a fair value

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measure for recognition or disclosure purposes under generally accepted accounting principles. Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. Statement 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and should be applied prospectively, except in the case of a limited number of financial instruments that require retrospective application. We are currently evaluating the potential impact of Statement 157 on our financial statements. We do not expect the impact will be material.

In December 2006, the FASB approved FASB Staff Position (FSP) No. EITF 00-19-2, *Accounting for Registration Payment Arrangements* (FSP EITF 00-19-2), which specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with SFAS No. 5, *Accounting for Contingencies* . FSP EITF 00-19-2 also requires additional disclosure regarding the nature of any registration payment arrangements, alternative settlement methods, the maximum potential amount of consideration and the current carrying amount of the liability, if any. The guidance in FSP EITF 00-19-2 amends FASB Statements No. 133, *Accounting for Derivative Instruments and Hedging Activities* , and No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* , and FASB Interpretation No. 45, *Guarantor s Accounting and Disclosure requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others* , to include scope exceptions for registration payment arrangements. FSP EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the issuance date of this FSP, or for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years, for registration payment arrangements entered into prior to the issuance date of this FSP. We are currently evaluating the potential impact of FSP EITF 00-19-2 on our financial statements. We do not expect the impact will be material.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FAS 115* (Statement 159). Statement 159 allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item s fair value in subsequent reporting periods must be recognized in current earnings. Statement 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of Statement 159 on our financial statements. We do not expect the impact will be material.

PTNV was formed as an S Corporation and terminated its Sub S tax status and elected to operate as a C corporation in tandem with the completion of the Merger Agreement. Based on the Company s evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company s financial statements. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. Consequently, the Company did not record any cumulative effect adjustment related to the adoption of FIN 48. The Company does not expect its tax position to change during the next twelve months. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviation from its position.

Note 4: RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS, SPECIAL COMMITTEE AND COMPANY FINDINGS

On November 30, 2007, our Board of Directors created a Special Committee comprised of the two independent directors to work with the Company s then Chief Financial Officer to conduct a voluntary, internal review of the Company s recording and valuation of stock issued to employees and consultants related to the merger transaction completed by the Company in April 2007. The Special Committee retained outside counsel and a valuation expert to assist with this review.

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Based on the final report issued by the Company's retained valuation expert, the Special Committee determined that the prior valuation of \$0.16 per share recorded by the Company should be adjusted to a revised Fair Market Value of \$0.36 per share. The valuation expert considered various factors including the restrictive period of transferability associated with the shares issued, lack of marketability and other factors in determining the fair market value of the shares of common stock issued. Subsequently, in consultation with our independent auditors, we determined that the prior valuation should be adjusted to \$0.59 per share. The Company issued 5,325,840 shares of common stock to consultants and 101,600 shares of common stock to employees prior to the Merger. The additional expense of \$0.43 per share of common stock issued results in an additional non-cash compensation expense of \$2,333,799 during the three months ended June 30, 2007. Compensation expense is recorded in accordance with Statement of Financial Accounting Standards No. 123(R) (revised) Share-Based Payment (SFAS No. 123(R)).

There was no effect upon the balance sheet accounts as reported in the Quarterly Report on Form 10-Q for the three months ended June 30, 2007. As a result of the Merger, as the acquired entity's shareholders exercise control over the Company, the transaction is deemed to be a capital transaction whereby the Company is treated as a non-business entity. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except no goodwill or other intangible assets will be recorded as a result of the Merger. Accordingly, the Company did not recognize goodwill or any other intangible assets in connection with the transaction. PTNV is treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to the Merger are those of PTNV and post merger, the financial statements represent the consolidated financial position and operating results of Company and its wholly-owned subsidiary, Post Tension of Nevada. All retained earnings of PTNV were recapitalized to retained earnings as of the merger date. The shares in question were issued by PTNV prior to the Merger and thus increased valuation of the shares issued resulted in an increase to additional paid in capital and a corresponding decrease to retained earnings of PTNV. Because all retained earnings of PTNV were recapitalized to additional paid in capital on the merger date, there was no effect upon the previously reported balance sheets.

There was no corresponding tax effect, since PTNV was an S Corporation prior to the merger. All tax benefits associated with the additional expense associated with increased valuation of the shares issued are a benefit to the S Corporation shareholders prior to the completion of the Merger.

In considering the causes of the accounting errors set forth below, the Special Committee concluded that the evidence does not support a finding of intentional manipulation of stock grant pricing by any member of existing or prior management.

The following table sets forth the impact of the additional non-cash charges for stock-based compensation expense and on our unaudited consolidated condensed statements of operations for the three and six months ended June 30, 2007.

	Three Months Ended June 30, 2007			Six Months Ended June 30, 2007		
	As		As Restated	As		As Restated
	Previously Reported	Adjustments		Previously Reported	Adjustments	
Sales	\$4,881,033		\$4,881,033	\$8,611,042	\$	\$8,611,042
Cost of sales	3,337,458		3,337,458	6,114,943		6,114,943
Gross Margin	1,543,575		1,543,575	2,496,088		2,496,099
Other costs and expenses Selling, general and administrative	1,056,301	43,688	1,099,989	2,141,664	43,688	2,185,352

Income from operations	487,274	(43,688)	443,586	354,435	(43,688)	310,747
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	Three Months Ended June 30, 2007			Six Months Ended June 30, 2007		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Other income and (expense)						
Merger related expenses and costs	(929,289)	(2,290,111)	(3,219,400)	(929,289)	(2,290,111)	(3,219,400)
Other income (expense), net	11,733		11,733	48,544		48,544
Interest income, net	17,910		17,910	736,365		736,365
Net income before income tax	(412,372)	(2,333,799)	(2,746,171)	210,056	(2,333,799)	(2,123,744)
Provision for income taxes	155,080		155,080	155,080		155,080
Net income	\$(567,452)	\$(2,333,799)	\$(2,901,251)	\$ 54,975	\$(2,333,799)	\$(2,278,824)
Net income per share basic	\$ (0.02)	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ (0.08)	\$ (0.08)
Net income per share diluted	\$ (0.02)	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ (0.08)	\$ (0.08)

The following table sets forth the impact of the additional non-cash charges for stock-based compensation expense on our unaudited consolidated condensed statements of cash flows for the three and six months ended June 30, 2007.

	Three Months Ended June 30, 2007			Six Months Ended June 30, 2007		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
Net Income	\$ (567,452)	\$(2,333,799)	\$(2,901,251)	\$ 54,976	\$(2,333,799)	\$(2,278,824)
Adjustment to reconcile net income to net cash provided (used in) by operating activities:						
Depreciation	25,779		25,779	45,414		45,414
Shares issued as part of merger in lieu of cash	852,134	2,290,111	3,142,245	852,134	2,290,111	3,142,245

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Shares issued to employees	16,256	43,688	59,944	16,256	43,688	59,944
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(337,105)		(337,105)	(616,951)		(616,951)
Inventory	657,271		657,271	1,639,542		1,639,542
Prepaid expenses and other assets	25,826		25,826	73,653		73,653
Increase (decrease) in						
Accounts payable and accrued expenses	10,069		10,069	(15,879)		(15,879)
Accrued income taxes payable	155,080		155,080	155,080		155,080
Total adjustments	1,405,310	2,333,799	3,739,109	2,149,249	2,333,799	4,483,048
Net cash provided (used in) operating activities	837,858		837,858	2,204,225		2,204,225
Cash flows from investing activities:						
Acquisition (sale) of property and equipment	(44,447)		(44,447)	(44,446)		(44,446)
Net cash provided (used) in investing activities	(44,447)		(44,447)	(44,446)		(44,446)
Cash from financing activities:						
Shareholder distributions	(2,556,718)		(2,556,718)	(2,994,769)		(2,994,769)
Issuance of shares for public shell net assets	4,407		4,407	4,407		4,407
Decrease in line of credit						
Repayment of loans payable	(2,370)		(2,370)	(4,693)		(4,693)
Repayment of shareholder loans	(131,351)		(131,351)	(279,028)		(279,028)
Net cash provided by financing	(2,686,032)		(2,686,032)	(3,274,083)		(3,274,083)

activities

Net increase
(decrease) in cash
and cash
equivalents

(1,892,621)	(1,892,621)	(1,114,304)	(1,114,304)
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Cash and cash
equivalents,
beginning of
period

3,715,495	3,715,495	2,937,178	2,937,178
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Cash and cash
equivalents, end
of period

\$ 1,822,874	\$	\$ 1,822,874	\$ 1,822,874	\$	\$ 1,822,874
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Accounts receivable are summarized as follows:

	June 30, 2007	December 31, 2006
Accounts receivable	\$ 2,793,859	\$ 2,176,908
Allowance for doubtful accounts	(291,100)	(291,100)
Net amount	\$ 2,502,759	\$ 1,885,808

The Company's top ten customers comprised 61% of sales during the three and six month period ending June 30, 2007. The top ten customers comprised 64% of sales during the twelve months ended December 31, 2006.

Note 6: PROPERTY AND EQUIPMENT, NET

As of June 30, 2007 and December 31, 2006, the Company's property and equipment, net is comprised of:

	June 30, 2007	December 31, 2006
Machinery and equipment	\$ 916,461	\$ 916,461
Transportation equipment	613,662	575,220
Furniture, fixtures and office equipment	122,060	117,496
Leasehold improvements	564,720	563,280
	2,216,903	2,172,457
Less: Accumulated depreciation	(1,152,723)	(1,107,309)
Total net fixed assets	\$ 1,064,180	\$ 1,065,148

Depreciation and amortization related to property and equipment was \$25,779 and \$17,962 for the three months ended June 30, 2007 and 2006, and \$45,414 and \$35,925 for the six months ended June 30, 2007 and 2006, respectively.

Note 7: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2007 and December 31, 2006 consisted of the following:

	June 30, 2007	December 31, 2006
Accounts payable	\$ 391,851	\$ 428,560
Payroll tax and workers' compensation	17,683	
Sales/Use tax	11,128	
Other accrued expenses	62,398	70,379
Total accounts payable and accrued expense	\$ 483,060	\$ 498,939

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Note 8: RELATED PARTY TRANSACTIONS

The Company leases substantially all of its office, maintenance and warehouse facilities from Ed Hohman, President, and John Hohman, Chief Operating Officer. Rents were paid or accrued in favor of the shareholders in the amount of \$61,360 and \$123,400 for the three and six months ended June 30, 2007.

Note 9: SHAREHOLDER LOANS AND LONG TERM DEBT

At June 30 2007 and December 31, 2006 the Company had loans due to its shareholders aggregating \$454,762 and \$733,790, respectively. The loans are due on April 15, 2008 and bear interest at 7% per annum. Additionally the Company has notes payable for vehicle purchases aggregating \$4,884 and \$9,577 at June 30, 2007 and December 31, 2006, respectively. The notes bear interest at rates from 6.5% and 8% per annum and are due in monthly installments aggregating \$1,938.

Note 10: STOCK OPTION PLAN

The board of directors, on November 24, 2002, adopted the Company's 2002 Non-Statutory Stock Option Plan (Plan) so as to provide a critical long-term incentive for employees, non-employee directors, consultants, attorneys and advisors of the Company and its subsidiaries, if any. The board of directors believes that the Company's policy of granting stock options to such persons will continue to provide it with a critical advantage in attracting and retaining qualified candidates. In addition, the Plan is intended to provide the Company with maximum flexibility to compensate plan participants. It is expected that such flexibility will be an integral part of the Company's policy to encourage employees, non-employee directors, consultants, attorneys and advisors to focus on the long-term growth of stockholder value. The board of directors believes that important advantages to the Company are gained by an option program such as the 2002 Plan which includes incentives for motivating employees of the Company, while at the same time promoting a closer identity of interest between employees, non-employee directors, consultants, attorneys and advisors on the one hand, and the stockholders on the other. As of June 30, 2007, no options have been issued.

Note 11: STOCKHOLDERS' EQUITY

PTNV was incorporated as a Subchapter S corporation. During April 2007 and prior to the consummation of the Merger, the Company became a C corporation. As a result of the Merger, PTVN became a wholly-owned subsidiary of Magic. Each outstanding share of PTVN common stock was converted into the right to receive 10,160.064 shares of Magic's common stock as set forth in the Merger Agreement. Under the terms of the Merger Agreement at closing, Magic issued, and the PTVN stockholders received, in a tax-free exchange, shares of Magic common stock such that PTVN stockholders now own approximately 90% of the issued and outstanding shares of the Company.

As a result of the Merger, as the acquired entity's shareholders exercise control over Magic, the transaction is deemed to be a capital transaction whereby Magic is treated as a non-business entity. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except that no goodwill or other intangible assets will be recorded as a result of the Merger. Accordingly, the Company did not recognize goodwill or any other intangible assets in connection with the transaction. The Merger was accounted for as a reverse merger transaction and PTVN was deemed to be the acquirer. The assets, liabilities and the historical operations prior to the Merger are those of PTVN. Subsequent to the Merger, the consolidated financial statements include the assets and liabilities of PTVN and Magic Communications, Inc. and the historical operations of PTVN and the operations of Magic Communications, Inc. from the closing date of the Merger.

PTNV issued 526 shares of common stock to consultants and advisors prior to the consummation of the Merger. The shares were exchanged for 5,327,840 shares of common stock of Magic Communications, Inc. upon the consummation of the Merger. PTVN issued 10 shares of common stock to employees prior to the consummation of the Merger that were converted into 101,600 shares of Magic Communications, Inc. upon the consummation of the Merger agreement. The 5,327,840 shares of common

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stock and 101,600 shares of common stock were originally valued at \$0.16 per share. As discussed previously in Note 4, on November 30, 2007, our Board of Directors created a Special Committee comprised of the two independent directors to work with the Company's then Chief Financial Officer to conduct a voluntary, internal review of the Company's recording and valuation of stock issued to employees and consultants related to the merger transaction completed by the Company in April 2007. The Special Committee retained outside counsel and a valuation expert to assist with this review. Based on the final report issued by the Company's retained valuation expert, the Special Committee determined that the prior valuation of \$0.16 per share recorded by the Company should be adjusted to a revised Fair Market Value of \$0.36 per share. The valuation expert considered various factors including the restrictive period of transferability associated with the shares issued, lack of marketability and other factors in determining the fair market value of the shares of common stock issued. Subsequently, in consultation with our independent auditors, we determined that the prior valuation should be adjusted to \$0.59 per share. The additional expense of \$0.43 per share of common stock issued results in an additional non-cash compensation expense of \$2,333,799 during the three months ended June 30, 2007.

PTNV reclassified \$3,168,829 from Retained earnings to Additional paid in capital when PTNV terminated its Subchapter S election in April 2007. PTNV prior to the consummation of the Merger made distributions to shareholders in the amount of \$438,050 during the three months ended March 31, 2007 and \$2,556,718 during the three months ended June 30, 2007. The distributions to shareholders were recorded as a reduction to Retained Earnings.

All references to shares and per share amounts in the accompanying financial statements have been restated to reflect the aforementioned share exchange. All retained earnings of PTNV were reclassified to Additional Paid in Capital on the date of the termination of its Subchapter S election in April 2007.

Note 12: INCOME TAXES

Under Sections 382 and 269 (the shell corporation rule) of the Code following an ownership change, special limitations (Section 382 Limitations) apply to the use by a corporation of its net operating loss, or NOL, carryforwards arising before the ownership change and various other carryforwards of tax attributes (referred to collectively as the Applicable Tax Attributes). The Company had NOL carryforwards due to historical losses of the public shell of approximately \$364,393 at December 31, 2006 and \$257,969 at June 30, 2007. These NOL carryforwards will expire through calendar year 2026 if not utilized and are subject to review and possible adjustment by the IRS. As a result of the Merger, the Company experienced an ownership change, and Section 382 Limitation will apply to the Applicable Tax Attributes of the Company.

The Company did not record a provision for income taxes for the three months ended March 31, 2007, as PTNV was a Subchapter S corporation until April 2007. All retained earnings of PTNV were reclassified to Additional paid in capital on the Subchapter S election termination by PTNV. The Company had taxable income of \$454,019 post merger and post termination of the Subchapter S election by PTNV. The Company recorded a \$155,080 accrual for Federal Income taxes during the three months ended June 30, 2007.

The Company has adopted the provisions of FIN 48. As a result of the implementation of FIN 48, the Company performed a comprehensive review of its uncertain tax positions in accordance with recognition and measurement standards established by FIN 48. In this regard, an uncertain tax position represents the Company's expected treatment of a tax position taken in a filed tax return, or expected to be taken in a tax return, that has not been reflected in measuring income tax expense for financial reporting purposes. The Company does not expect any reasonably possible material changes to the estimated amount of liability associated with uncertain tax positions through January 1, 2008. The Company's continuing policy is to recognize accrued interest and penalties related to income tax matters in income tax expense.

Table of Contents**Note 13: NET INCOME PER SHARE**

Net (loss) income per share is calculated in accordance with SFAS No. 128, *Earnings Per Share*, which requires presentation of basic and diluted net (loss) income per share. Basic net (loss) income per share excludes dilution, and is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period. During the three and six months ended June 30, 2007 and for all prior periods, diluted net income per share is computed in the same manner as basic net income per share after assuming issuance of common stock for all potentially dilutive equivalent shares, which includes (1) stock options (using the treasury stock method), and (2) the effect of unvested shares of common stock outstanding. Anti-dilutive instruments are not considered in this calculation.

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computation for the three and six months ended June 30, 2007 and 2006:

	Three Months Ended June 30			Six Months Ended June 30		
	2007	2007		2007	2007	
	As Previously Reported	As Restated	2006	As Previously Reported	As Restated	2006
NUMERATOR:						
Income available to common shareholders	\$ (567,452)	\$(2,901,251)	\$ 1,791,971	\$ 54,976	\$(2,278,824)	\$ 4,420,916
Numerator for net income per common share diluted	\$ (567,452)	\$(2,901,251)	\$ 1,791,971	\$ 54,976	\$(2,278,824)	\$ 4,420,916
DENOMINATOR:						
Weighted average common shares	33,172,855	33,172,855	25,400,160	29,307,979	29,307,979	25,400,160
Effect of dilutive securities:						
Options						
Restricted shares						
Denominator for net income per common share diluted	33,172,855	33,172,855	25,400,160	29,307,979	29,307,979	25,400,160
Net income per common share:						
Net income Basic	\$ (0.02)	\$ (0.09)	\$ 0.07	\$ 0.00	\$ (0.08)	\$ 0.17
Net income Diluted	\$ (0.02)	\$ (0.09)	\$ 0.07	\$ 0.00	\$ (0.08)	\$ 0.17

Note 14: SUPPLEMENTAL FINANCIAL INFORMATION

A summary of additions and deductions related to the allowance for doubtful accounts for the year ended December 31, 2006 and the three and six months ended June 30, 2007 is as follows:

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
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Year ended December 31, 2006	\$291,100	\$	\$	\$291,100
Three Months ended March 31, 2007	\$291,100			\$291,100
Three Months ended June 30, 2007	\$291,100			\$291,000

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

Merger Agreement with Post Tension of Nevada

On December 28, 2006, Magic entered into a Memorandum of Understanding with PTNV, which became firm, and was announced in a Current Report on Form 8-K, filed with the SEC on February 20, 2007. On April 12, 2007, a Current Report on Form 8-K filed with the SEC reported the completion of the definitive Agreement and Plan of Merger (the Merger Agreement) with PTNV and PTNV Acquisition Corp, a Florida corporation and a wholly-owned subsidiary of Magic (Acquisition Corp.). The Merger

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Agreement provided that, upon the terms and subject to the conditions set forth in the Merger Agreement, Acquisition Corp. would merge with and into PTNV (the Merger). As a result of the Merger, PTNV became a wholly-owned subsidiary of Magic. Each outstanding share of PTNV common stock was converted into the right to receive 10,160.064 shares of the Company's common stock as set forth in the Merger Agreement. Under the terms of the Merger Agreement at closing, the Company issued, and the PTNV stockholders received, in a tax-free exchange, shares of Company common stock such that PTNV stockholders now own approximately 90% of the issued and outstanding shares of the Company.

These transactions were accounted for as a recapitalization, whereby PTNV was treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to merger are those of PTNV and post merger, the financial statements represent the consolidated financial position and operating results of Magic Communications, Inc and its wholly-owned subsidiary, Post Tension of Nevada. As a result of the business combination, if the acquired entity's shareholders will exercise control over us, the transaction is deemed to be a capital transaction where we are treated as a non-business entity. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except no goodwill or other intangible assets will be recorded. The Company did not recognize goodwill or any other intangible assets in connection with the transaction.

SELECTED HISTORICAL FINANCIAL DATA FOR POST TENSION OF NEVADA

You should read the selected historical financial data of PTNV below in conjunction with the amended Current Report on Form 8-K filed with the SEC on June 28, 2007. As stated previously, the Merger was accounted for as a recapitalization, whereby PTNV was treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to merger are those of PTNV and post merger, the financial statements represent the consolidated financial position and operating results of Magic Communications, Inc and its wholly-owned subsidiary, Post Tension of Nevada. The information below is being presented to give the financial reader a historical financial performance of PTNV, since PTNV is currently the sole operating entity of the Company. The selected consolidated historical financial data may not be indicative of future performance.

	2006	2005	2004	2003
Operating Data:				
Sales	\$ 30,222,079	\$ 39,080,007	\$ 32,957,035	\$ 22,487,153
Cost of Sales	19,969,739	27,767,247	23,968,096	16,375,764
Gross Margin	10,252,340	11,312,760	8,988,939	6,111,389
Other costs and expenses:				
Selling, general and administrative	4,460,243	4,928,149	3,433,581	3,673,652
Income from operations	5,792,097	6,384,611	5,555,358	2,437,652
Other income and (expense):				
Other income (expense), net	167,830	72,775	113,239	17,667
Interest income (expense), net	(71,759)	(89,900)	(156,749)	(1,600)
Net income before income tax	5,888,168	6,367,486	5,511,848	2,453,719
Provision for income taxes				

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Net income	5,888,168	6,367,626	5,511,848	2,453,719
Net income per share:				
Basic	\$ 0.23	\$ 0.25	\$ 0.20	\$ 0.10
Diluted	\$ 0.23	\$ 0.25	\$ 0.20	\$ 0.10
Distributions per share	\$ 0.26	\$ 0.25	\$ 0.14	\$ 0.10
Weighted average common shares outstanding:				
Basic	25,400,160	25,400,160	25,400,160	25,400,160

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	2006	2005	2004	2003
Diluted	25,400,160	25,400,160	25,400,160	25,400,160

Other Data:

Cash flow provided by (used in):

Operating activities	\$ 7,743,292	\$ 6,297,773	\$ 3,682,968	\$ 1,120,647
Investing activities	132,483	(589,804)	(399,109)	(63,855)
Financing activities	(6,614,000)	(5,129,254)	(1,774,714)	(932,612)
Capital expenditures	(132,483)	589,804	399,109	63,855
Current tax expense				

	2006	2005	2004	2003
Balance Sheet Data:				
Cash and cash equivalents	\$2,937,178	\$2,255,889	\$1,677,183	\$ 168,038
Working capital	6,539,390	6,845,594	5,415,506	3,996,375
Total assets	8,837,267	9,850,168	8,249,359	5,269,919
Long-term debt and other liabilities (including current portion)	9,577	28,125	54,455	163,285
Shareholders equity	7,594,962	7,977,579	6,087,359	4,232,188

Preliminary Note on Restated Financial Statements:

On November 30, 2007, our Board of Directors created a Special Committee comprised of the two independent directors to work with the Company's then Chief Financial Officer to conduct a voluntary, internal review of the Company's recording and valuation of stock issued to employees and consultants related to the merger transaction completed by the Company in April 2007. The Special Committee retained outside counsel and a valuation expert to assist with this review.

Based on the final report issued by the Company's retained valuation expert, the Special Committee determined that the prior valuation of \$0.16 per share recorded by the Company should be adjusted to a revised Fair Market Value of \$0.36 per share. The valuation expert considered various factors including the restrictive period of transferability associated with the shares issued, lack of marketability and other factors in determining the fair market value of the shares of common stock issued. Subsequently, in consultation with our independent auditors, we determined that the prior valuation should be adjusted to \$0.59 per share. The Company issued 5,325,840 shares of common stock to consultants and 101,600 shares of common stock to employees prior to the Merger. The additional expense of \$0.43 per share of common stock issued results in additional non-cash compensation expense of \$2,333,799 during the three months ended June 30, 2007. Compensation expense is recorded in accordance with Statement of Financial Accounting Standards No. 123(R) (revised) Share-Based Payment (SFAS No. 123(R)) and SFAS 157.

There was no effect upon the balance sheet accounts as reported in the 10-Q for the three months ended June 30, 2007. As a result of the Merger, as the acquired entity's shareholders exercise control over the Company, the transaction is deemed to be a capital transaction whereby the Company is treated as a non-business entity. Therefore, the accounting for the business combination is identical to that resulting from a reverse merger, except no goodwill or other intangible assets will be recorded as a result of the Merger. Accordingly, the Company did not recognize goodwill or any other intangible assets in connection with the transaction. PTNV is treated as the acquirer for accounting purposes. Therefore, the historic financial statements prior to merger are those of PTNV and post merger, the financial statements represent the consolidated financial position and operating results of Company and its wholly-owned subsidiary, Post Tension of Nevada. All retained earnings of PTNV were recapitalized to retained earnings as of the merger date. The shares in question were issued by PTNV prior to the merger and thus increased valuation of the shares issued resulted in an increase to additional paid in capital and a corresponding decrease to

retained earnings of PTNV. Because all retained earnings of PTNV were recapitalized to additional paid in capital on the merger date, there was no effect upon the previously reported balance sheets.

There was no corresponding tax effect, since PTNV was an S Corporation prior to the merger. All tax benefits associated with the additional expense associated with increased valuation of the shares issued are a benefit to the S Corporation shareholders prior to the completion of the Merger.

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In considering the causes of the accounting errors set forth below, the Special Committee concluded that the evidence does not support a finding of intentional manipulation of stock grant pricing by any member of existing or prior management.

Three Months Ended June 30, 2007 as compared to Three Months Ended June 30, 2006**Results of Operations**

The following table sets forth, for the periods indicated, certain information related to our operations, expressed in dollars and as a percentage of our net sales:

	Three Months Ended June 30, 2007		Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	
	As Reported	Adjustment	As Restated	%	%	%
Net sales	\$ 4,881,033		\$ 4,881,033	100.0%	\$ 9,304,034	100.0%
Cost of sales	3,337,458		3,337,458	68.4%	6,414,173	68.9%
Gross profit	1,543,575		1,543,575	31.6%	2,889,861	31.1%
Operating Expenses						
Selling, general and administrative	1,056,301	43,688	1,099,989	22.1%	1,134,366	12.2%
Total operating expenses	1,056,301	43,688	1,099,989	22.3%	1,134,366	12.2%
Income from operations	487,274	(43,688)	443,586	9.1%	1,755,495	18.9%
Other income (expense)						
Interest income (expense), net	17,910		17,910	0.4%	46,518	0.5%
Other income (expense), net	11,733		11,733	0.2%	(10,041)	(0.1)%
Merger related expenses and costs	(929,289)	(2,290,111)	(3,219,400)	(65.9)%		%
Total other income (expense)	(899,646)	(2,333,799)	(3,233,445)	(66.2)%	36,477	0.4%
Income before provision for income taxes	(412,372)	(2,333,799)	(2,746,171)	(59.4)%	1,791,971	19.3%

Provision for income taxes	155,080		155,080	3.2%		%
Net income	\$ (567,452)	(2,333,799)	\$ (2,901,251)	(59.4)%	\$ 1,791,971	19.3%

Net sales

Net sales totaled \$4,881,033 for the three months ended June 30, 2007, as compared to \$9,304,034 for the same period in 2006, or a decrease of 48%. Home Builders Research reported that new home sales through May are down 43.8 percent in Las Vegas and permit activity is down 34.4 percent from a year ago. The year to date 2007 metro Phoenix housing market continues at a pace 23% below that of last year. Our revenue is derived from new construction of residential housing and is directly related to new home sales and permits for new residential construction. The decreased activity of new residential home construction has been pronounced in Las Vegas, Nevada and Phoenix, Arizona has resulted in reduced sales level and gross margin.

Cost of sales

Cost of sales, including all installation expenses, during the three months ended June 30, 2007 was 68.4% of net sales, as compared to 68.9% in 2006. In spite of the significant downturn in the Phoenix and Las Vegas residential housing construction market, we have been able to keep our gross margin percentage

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at historical levels. We are anticipating competition to increase and downward pressure on our gross margin during the next year as current and potential competitors seek new revenue streams.

Selling, general and administrative expenses

Selling, general and administrative expenses for the quarter ended June 30, 2007 were \$1,056,301 or 22.1% of net sales as compared to \$1,134,366 or 12.2% of net sales during the same period of the prior year. Selling, general and administrative expenses decreased by \$57,745 for the three month period ending June 30, 2007 versus the same three month period ending June 30, 2006. We continue to hold our Selling, general and administrative expenses at historical levels, but expect these expenses to increase in the future as we hire additional sales and marketing personnel, hire a full time Chief Financial Officer and seek out possible acquisition targets. Effective August 6, 2006, we appointed a full-time Chief Financial Officer, as reported in a Current Report on Form 8-K filed with the SEC on August 9, 2007.

Acquisition related expenses and costs

PTNV issued 526 shares of common stock to consultants and advisors prior to the consummation of the Merger. The shares were exchanged for 5,327,840 shares of common stock of Magic Communications, Inc. upon the consummation of the Merger. PTNV issued 10 shares of common stock to employees prior to the consummation of the Merger that were converted into 101,600 shares of Magic Communications, Inc. upon the consummation of the Merger agreement. The 5,325,840 shares of common stock and 101,600 shares of common stock originally valued at \$0.16 per share. We adjusted the per share value to \$0.59 per share as discussed earlier, resulting in the Company recording an additional \$2,290,111 to Merger related expenses and costs (5,325,840 Common shares of stock X \$0.43 = \$2,290,111). The Company incurred legal, accounting and other professional services of \$77,155 during the three month period ending June 30, 2007 as a result of being a public company and consummating the Merger.

Provision for income taxes

The Company did not record a provision for income taxes for the three months ended March 31, 2007, as PTNV was a Subchapter S corporation until April 2007. All retained earnings of PTNV were reclassified to Additional paid in capital on the Subchapter S election termination. The Company had taxable income of \$456,018 post merger and post termination of the Subchapter S election by PTNV. The Company recorded a \$155,080 accrual for Federal Income taxes during the three months ended June 30, 2007.

Six Months Ended June 30, 2007 as compared to Six Months Ended June 30, 2006**Results of Operations**

The following table sets forth, for the periods indicated, certain information related to our operations, expressed in dollars and as a percentage of our net sales:

	Six Months Ended June 30, 2007 As Previously Reported	Adjustment	Six Months Ended June 30, 2007 As Restated	%	Six Months Ended June 30, 2006	%
Net sales	\$ 8,611,042		\$ 8,611,042	100.0%	\$ 19,999,570	100.0%
Cost of sales	6,114,943		6,114,943	71.0%	13,398,807	67.0%
Gross profit	2,496,099		2,496,099	29.0%	6,600,763	33.0%
Operating Expenses						
Selling, general and administrative	2,141,664	43,688	2,185,352	25.4%	2,265,740	11.3%

Total operating expenses	2,141,664	43,688	2,185,352	25.4%	2,265,740	11.3%
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	Six Months Ended June 30, 2007 As		Six Months Ended June 30, 2007 As Restated	%	Six Months Ended June 30, 2006	%
	Previously Reported	Adjustment				
Income from operations	354,435	(43,688)	310,747	3.6%	4,335,023	21.7%
Other income (expense)						
Interest income (expense), net	48,544		48,544	0.8%	63,649	0.1%
Other income (expense), net	736,365		736,365	8.8%	22,243	0.3%
Merger related expenses and costs	(929,646)	(2,290,111)	(3,219,400)	(37.4)%		%
Total other income (expense)	(144,379)	(2,290,111)	(2,434,490)	(28.3)%	85,893	0.4%
Income before provision for income taxes	219,056	(2,333,799)	(2,123,744)	(24.7)%	4,420,916	22.1%
Provision for income taxes	155,080		155,080	1.8%		%
Net income	\$ 54,976	(2,333,799)	\$ (2,278,824)	(26.5)%	\$ 4,420,916	22.1%

Net sales

Net sales totaled \$8,611,042 for the six months ended June 30, 2007, as compared to \$19,999,570 for the same period in 2006, or a decrease of 57%. Home Builders Research reported that new home sales through May are down 43.8 percent in Las Vegas and permit activity is down 34.4 percent from a year ago. The year to date 2007 metro Phoenix housing market continues at a pace 23% below that of last year. Our revenue is derived from new construction of residential housing and is related to new home sales and permits for new residential construction. Our revenue is derived from new construction of residential housing and is directly related to new home sales and permits for new residential construction. The decreased activity of new residential home construction has been pronounced in Las Vegas, Nevada and Phoenix, Arizona has resulted in reduced sales level and gross margin.

Cost of sales

Cost of sales, including all installation expenses, during the six months ended June 30, 2007 was 71% of net sales, as compared to 67% in 2006, in part due to more significant competitive pressures we experienced during the first quarter of the current year. During the three months ended June 30, 2007 our cost of sales decreased to 68.4% of

revenue. In spite of the significant downturn in the Phoenix and Las Vegas residential housing construction market, we have been able to keep our gross margins at historical levels. We are anticipating competition to increase and downward pressure on our gross margin during the next year as current and potential competitors seek new revenue streams.

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended June 30, 2007 were 25.4% of net sales as compared to 11.3% of net sales during the same period of the prior year. Selling, general and administrative expenses decreased to approximately \$2,185,352 for the six months ended June 30, 2007 compared to approximately \$2,265,740 for the six months ended June 30, 2006.

Acquisition related expenses and costs

PTNV issued 526 shares of common stock to consultants and advisors prior to the consummation of the Merger. The shares were exchanged for 5,327,840 shares of common stock of Magic Communications, Inc. upon the consummation of the Merger. PTNV issued 10 shares of common stock to employees prior to the consummation of the Merger that were converted into 101,600 shares of Magic Communications, Inc. upon the consummation of the Merger agreement. The 5,325,840 shares of common stock and 101,600 shares of common stock originally valued at \$0.16 per share. We adjusted the per share value to \$0.59 per share as discussed earlier, resulting in the Company recording an additional \$2,290,111 to Merger related expenses and costs (5,325,840 Common shares of stock X \$0.43 = \$2,290,111). The Company incurred legal, accounting and other professional services of \$77,155 during the three month period ending June 30, 2007 as a result of being a public company and consummating the Merger.

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Other income (expense), net

The Company's workman's compensation insurance company, Employers Insurance Company (EIC), went public. The Company was a member of EIC. EIC gave to the Company stock when EIC went public. The Company sold the shares in EIC on March 19, 2007 for net proceeds of \$695,334 which resulted in a gain on sale of stock.

Provision for income taxes

The Company did not record a provision for income taxes for the three months ended March 31, 2007, as PTNV was a Subchapter S corporation until April 2007. All retained earnings of PTNV were reclassified to Additional paid in capital on the Subchapter S election termination by PTNV. The Company had taxable income of \$456,018 post merger and post termination of the Subchapter S election by PTNV. The Company recorded a \$155,046 accrual for Federal Income taxes during the six months ended June 30, 2007.

Liquidity and Capital Resources

Significant sources of liquidity are cash on hand, cash flows from operating activities, working capital, borrowings from our revolving line of credit and equity proceeds raised. As of June 30, 2007 we had approximately \$1,822,874 in cash on hand.

Cash flows provided from operating activities were \$837,858 and \$3,093,791 for the three months ended June 30, 2007 and 2006, respectively and \$2,204,225 and \$5,740,411 for the six months ended June 30, 2007 and 2006.

Cash flows (used in) investing activities were (\$44,447) and (\$21,231), respectively, for the three months ended June 30, 2007 and 2006 and (\$44,446) and (\$5,992) for the six months ended June 30, 2007. The investing activities were for the purchase of fixed assets.

Cash flows (used in) financing activities were (\$2,686,032) and (\$4,521,093), respectively, for the three months ended June 30, 2007 and 2006 and (\$3,274,083) and (\$4,990,937) for the six months ended June 30, 2007. The financing activities are comprised of distributions to the shareholders of PTNV prior to the merger and repayment of loans due Edward Hohman and John Hohman.

ITEM 3. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and then Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Based on this evaluation, our Chief Executive Officer and our former Chief Financial Officer concluded in the original 10-Q dated August 14, 2007 for the quarter ended June 30, 2007 that our disclosure controls and procedures were effective as of the end of the period covered by that report.

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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Restatement of Consolidated Financial Statements, Special Committee and Company Findings

On November 30, 2007, our Board of Directors created a Special Committee comprised of the two independent directors to work with the Company's current Chief Financial Officer to conduct a voluntary, internal review of the Company's recording and valuation of stock issued to employees and consultants related to the merger transaction completed by the Company in April 2007. The Special Committee retained outside counsel and a valuation expert to assist with this review.

Based on the final report issued by the Company's retained valuation expert, the Special Committee determined that the prior valuation of \$0.16 per share recorded by the Company should be adjusted to a revised Fair Market Value of \$0.36 per share. The valuation expert considered various factors including the restrictive period of transferability associated with the shares issued, lack of marketability and other factors in determining the fair market value of the shares of common stock issued. Subsequently, in consultation with our independent auditors, we determined that the prior valuation should be adjusted to \$0.59 per share. The Company issued 5,325,840 shares of common stock to consultants and 101,600 shares of common stock to employees prior to the Merger. The additional expense of \$0.4320 per share of common stock issued results in an additional non-cash compensation expense of \$2,333,799 during the three months ended June 30, 2007.

All of the foregoing charges were non-cash and had no impact on our reported net sales or cash or cash equivalents. There was no effect upon the balance sheet accounts as reported in the 10-Q for the three months ended June 30, 2007 filed on August 14, 2007 and as amended in Amendment No. 1 thereto, also filed on August 14, 2007).

As a result of the findings of the Special Committee as well as our internal review, we concluded that we needed to amend this Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 filed on August 14, 2007 and as amended in Amendment No. 1 thereto, also filed on August 14, 2007) to restate our condensed consolidated financial statements for the quarter ended June 30, 2007 and the related disclosures. We have restated the June 30, 2007 financial statements included in our June 30, 2007 Form 10-Q and also have restated the September 30, 2007 financial statements by the filing of an amended September 30, 2007 Form 10-Q/A. The changes to our financial statements included in these two amended reports are already reflected in our audited financial statements included in our Form 10-K for the year ended December 31, 2007, filed on May 8, 2008, and the changes in these two amended reports were made so they would conform to our audited financial reports for the full year.

Our management, with the participation of our principal executive officer and principal financial officer, are responsible for the effectiveness 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 amended (the "Exchange Act")) believed that our internal control over financial reporting was effective as of June 30, 2007.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

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Effective controls, including monitoring, were not maintained to ensure the existence, completeness, accuracy, valuation and documentation of discussions between our prior Chief Financial Officer and our external counsel, auditors and consultants. This control deficiency resulted in the misstatement of our restricted stock-based compensation expense and related disclosures, and in the restatement of our consolidated financial statements for the quarter ended June 30, 2007 and for the quarter ended September 30, 2007.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are not aware of any pending or threatened litigation.

ITEM 1A. Risk Factors

Investing in our common stock involves a high degree of risk. Certain of the risks related to an investment in our common stock were disclosed in an amended Current Report on Form 8-K, which we filed with the SEC on June 28, 2007. The portion of that amended Current Report under the caption Risk Factors is hereby incorporated into this report by this reference. You should carefully consider those risk factors, as well as the following additional risk factors and other information in this report, before deciding whether to invest in shares of our common stock.

We recently amended our bylaws to make it easier for our majority stockholders, primarily Edward Hohman and John Hohman, to approve corporate actions that require the consent of our stockholders. In addition to those risk factors disclosed in the amended Current Report referred to in the preceding paragraph, on June 28, 2007, we amended our bylaws to make it easier for our majority stockholders to approve corporate actions without the need to call a meeting of all of our stockholders to vote on such corporate actions. The Delaware corporation laws that govern us require that certain corporate actions, such as a merger or sale of the Company, changes to our Certificate of Incorporation, and other actions, be approved by our stockholders prior to those actions becoming effective. Such stockholder approval can be obtained either by holding a stockholder meeting or, if our bylaws permit, by obtaining the written consent to such actions of stockholders owning a sufficient number of shares of stock to approve the actions (typically a majority of the outstanding shares of our stock). Our bylaws previously permitted action to be approved by written consent of our stockholders, but the bylaws required the written consent of all stockholders. We believe that obtaining the written consent of all stockholders to approve corporate action would be impracticable, due the time and cost that would be required. Similarly, holding a meeting of stockholders to approve certain actions would involve additional legal and other expenses to the Corporation. Accordingly, our board of directors amended our bylaws to permit stockholder approval of corporate actions by the written consent of the holders of a majority of our outstanding voting shares, as permitted by Delaware law. On August 3, 2007, our board approved, and the Company's stockholders owning a majority of the outstanding voting shares, approved an amendment to our Certificate of Incorporation to change our name to American Post Tension, Inc. The change became effective upon compliance with the requirements of SEC rules, including the prior mailing of notification to our stockholders of such action, and the filing requirements of the Delaware Secretary of State.

The decreased activity of new residential home construction has been pronounced in Las Vegas, Nevada and Phoenix, Arizona and has resulted in significantly reduced sales and gross margin. Our revenue is derived primarily from new construction of residential housing and is directly related to new home sales and permits for new residential construction. The recent downturn in residential construction in Las Vegas, Nevada and Phoenix, Arizona has resulted in a significant reduction in our revenues for the three-month and six-month periods ended June 30, 2007. We cannot predict whether or when residential construction activity will rebound in those markets. Prolonged sluggishness in residential construction, however, can be expected to continue to have a negative impact on our revenues and earnings.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

PTNV issued 526 shares of common stock to consultants and advisors prior to the consummation of the Merger. The shares were exchanged for 5,327,840 shares of common stock of Magic Communications, Inc. upon the consummation of the Merger. PTVN issued 10 shares of common stock of PTVN to employees prior to the consummation of the Merger that were converted into 101,600 shares of Magic Communications, Inc. upon the consummation of the Merger agreement. All of the shares issued are restricted securities.

Item 3. Defaults upon Senior Securities

There were no defaults upon senior securities during the three and six month period ended June 30, 2007.

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

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

31.2 Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.

32.2 Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act.

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

July 14, 2008

American Post Tension, Inc.
(Registrant)

By: /s/ Edward Hohman
Edward Hohman, Chief Executive
Officer

By: /s/ Robert Hipple
Robert Hipple
Chief Financial Officer

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Exhibit Index

Exhibit No.	Description
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