SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

LEGACY HOLDING, INC.

CIK:**771617**| IRS No.: **132614435** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934:

For the Quarterly Period ended September 30, 2007

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from __________________ to __________________

Commission File number 0-14613

LEGACY HOLDING, INC.

(Exact name of registrant as specified in its charter)

Delaware	13-2614435
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID No.)

4160 Technology Drive Suite B
Fremont, CA 94538
(Address of principal executive offices)

(510) 651-2312
(Issuer's telephone number)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 shell company Yes ☐ No ☒ (As of June 1, 2008)

As of September 30, 2007, 17,592,739 shares of the registrants Common Stock were outstanding.

As of the end of the period covered by this Report, registrant had 17,592,739 common shares outstanding.

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

Documents Incorporated by Reference. Registrant hereby incorporates by reference, its previous filings under the Securities Exchange Act of 1934.

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Item 1. Financial Statements

LEGACY HOLDINGS, INC.

CONSOLIDATED BALANCE SHEET (Unaudited)

As of September 30, 2007

ASSETS	
Current assets:	
Cash	$6,502
Deferred product cost	372,267
Inventory	150,702
Total current assets	529,471
Property and equipment, net	2,698
Total assets	$532,169
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	76,789
Deferred revenue	836,181
Note payable	120,000
Accrued wages and taxes	118,371
Stockholder loans payable	167,338
Total current liabilities	1,318,679
Stockholders' Deficit:	
Common stock, par value $0.01; 100,000,000 authorized; issued and outstanding 17,592,739 at September 30, 2007	17,593
Treasury stock	
Additional paid in capital	3,441,880
Retained deficit	(4,245,983)
Total stockholders' deficit	(786,510)
Total liabilities and stockholders' deficit	$532,169

The accompanying notes are an integral part of these financial statements

LEGACY HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

For the Three and Nine Months Ended September 30, 2007 and 2006

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenue:				
Product sales	$47,108	$13,856	$313,668	$65,209
Service fees	10,435	8,198	32,013	30,634
R&D contract	30,000	10,000	55,000	47,500
Total revenue	87,543	32,054	400,681	143,343
Cost of goods sold	39,380	13,294	237,567	87,130
Gross profit (loss)	48,163	18,760	163,114	56,213
Operating expenses:				
Research and development	15,061	37,352	86,611	108,857
Sales and marketing	1,186	1,684	2,191	13,649
General and administration	42,332	55,659	135,728	156,644
Depreciation	441	847	1,323	2,540
Facilities	3,742	8,180	43,948	28,292
Total operating expenses	62,762	103,722	269,800	309,982
Income (loss) from operations	(14,599)	(84,962)	(106,686)	(253,769)
Other income (expense)				
Miscellaneous income		(311)	14,027	110,582
Interest expense			(324)	-
Total other income (expense)	-	(311)	13,703	110,582
Income (loss) before income taxes	(14,599)	(85,273)	(92,983)	(143,186)
Income taxes			(800)	(800)
Net income (loss)	$(14,599)	$(85,273)	$(93,783)	$(143,986)
Weighted average common shares outstanding Basic and fully diluted	17,324,507	27,278,340	15,866,226	27,278,340
Net income (loss) per share common	(0.00)	(0.00)	($0.01)	(0.01)

The accompanying notes are an integral part of these financial statements

LEGACY HOLDINGS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Year Ended December 31, 2006 and the Nine Months Ended September 30, 2007

	Common Stock		Additional Paid-In	Deficit	Total Stockholders'
	Shares	Amount	Capital	Accumulated	Equity
Balances, December 31, 2005	27,282,846	27,283	2,802,916	(3,866,745)	(1,036,546)
Net Loss				(285,455)	$(285,455)
Balances, December 31, 2006	27,282,846	$27,283	$2,802,916	$(4,152,200)	$(1,322,001)
Recapitalization at reverse merger	(9,690,107)	(9,690)	638,964		629,274
Net Loss				(93,783)	(93,783)
Balances, December 31, 2007	17,592,739	$17,593	$3,441,880	$(4,245,983)	$(786,510)

The accompanying notes are an integral part of these financial statements

CST ENTERTAINMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

For the Three and Nine Months Ended September 30, 2007 and 2006

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Cash flows from operating activities:				
Net income (loss)	$(14,599)	$(85,273)	$(93,783)	$(143,986)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	441	847	1,323	2,541
Common stock issued for services	-	-	-	-
Decrease (increase) in:				
Deferred product sales cost	(787)	-	9,213	(380,373)
Inventory	-	-	-	-
Increase (decrease) in:				
Accounts payable	(1,216)	(50,369)	(35,412)	(33,334)
Deferred revenue	-	186,000	(55,136)	579,773
Accrued wages and taxes	39,134	-	118,372	-
Net cash provided (used in) operating activities	22,973	51,205	(55,423)	24,621
Cash flows from investing activities:				
Additions to property and equipment	-	-	-	(4,502)
Net cash provided by (used in) investing activities	-	-	-	(4,502)
Cash flows from financing activities:				
Return of paid in capital		(15,000)	7,274	(25,000)
Redemption of preferred stock			(15,000)	
Proceeds from note payable		-		150,000
Payment on note payable		(30,000)	(30,000)	(30,000)
Proceeds (repayment) of stockholder loan	(21,992)	(29,402)	79,552	(118,628)
Net cash provided by (used in) financing activities	(21,992)	(74,402)	41,826	(23,628)
Net increase (decrease) in cash	981	(23,197)	(13,597)	(3,509)
Cash at beginning of year	5,521	23,424	20,099	3,736
Cash at end of year	$6,502	$227	$6,502	$227
Supplementary Information:				
Cash paid for interest	$-	$-	$324	$-
Cash paid for income taxes	$-	$-	$800	$800

The accompanying notes are an integral part of these financial statements

Note A-Organization and Summary Of Significant Accounting Policies

Basis of Presentation

The accompanying reviewed financial statements of Legacy Holdings, Inc. as of September 30, 2007 and for the three and nine month periods ended September 30, 2007 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and in accordance with the instructions to Form 10-QSB. Accordingly, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2006 and December 31, 2007. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three and nine months ended September 30, 2007 are not necessarily indicative of the results that can be expected for the year ended December 31, 2007.

Organization

Legacy Holdings, Inc. (the "Company") is a Delaware corporation, FKA CST Entertainment, Inc. Located in Fremont, California. Legacy Systems, Inc. it's wholly owned subsidiary was originally founded in Texas and later, in 1999 reincorporated in the California. The Company provides wet process wafer cleaning equipment to the semiconductor and related industries. The Company has developed chemical processes that are designed for device geometry technologies sized at 32mm and below. The processes employ "Green Chemistry" to provide an environmentally safe method for the removal of organic contaminates and photoresists from any size wafer or substrate. The Company is an industry leader in semiconductor wet processing holding multiple patents for more effective and environmentally safer processes. The Company is gaining recognition as an innovative company with very cost effective and environmentally friendly products. The Company is poised to be a major participant in the wet-process equipment market segment, as a supplier to both end users and wet station manufacturers.

Acquisition

On July 11, 2007, Legacy Systems, Inc. signed a definitive agreement to be merged into CST Entertainment, Inc, (CST). The CST stockholders acquired all of the issued and outstanding common stock of Legacy Systems, Inc. The transaction is accounted for as a capital transaction and recapitalization by the accounting acquirer and as a re-organization by the accounting acquiree wherein CST Entertainment, Inc. is the acquiree and, Legacy Systems, Inc. is the acquirer. CST Entertainment, Inc. changed its name to Legacy Holdings at the date of merger July 11, 2007.

Accordingly, the consolidated financial statements include the following:

(1) The balance sheet consists of the net assets of the acquirer at historical cost and net assets of the acquiree at historical cost.

(2) The statements of operations include the operations of the acquirer for the periods presented and the operations of the acquiree from the date of merger.

Note A-Organization and Summary Of Significant Accounting Policies

Summary of Significant Accounting Principles

Basis of Presentation
The consolidated financial statements included herein were prepared under the accrual basis of accounting.

Management's 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 disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The financial statements above reflect all of the costs of doing business.

Concentrations of credit risk
Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company deposits its cash and cash equivalents with a U.S. commercial financial institution. These amounts may, at times, exceed federally insured limits. Management believes that these institutions are financially sound and, accordingly, minimal credit risk exits.

Cash and Cash Equivalents
The Company considers all highly liquid debt instruments purchased with original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts
The Company evaluates the collectability of its accounts receivable based on a combination of factors. When the Company believes a collection issue exists with respect to a specific receivable, the Company records an allowance to reduce that receivable to the amount that it believes to be collectible. At June 30, 2008 the Company did not have receivables outstanding.

Comprehensive Income (Loss)
The Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 130, *"Reporting Comprehensive Income,"* which establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements.

Impairment of Long-Lived Assets
The Company evaluated the recoverability of its property and equipment, and other assets in accordance with Statements of Financial Accounting Standards (SFAS) No. 121, *"Accounting for the Impairment of Long-Lived Assets to be Disposed of,"* which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate.

Note A-Organization and Summary Of Significant Accounting Policies

Stock-Based Compensation

Employee stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, *“Accounting for Stock Issued to Employees”* (“APB 25”) and the FASB interpretations thereof. Pursuant to those accounting pronouncements, compensation is recorded for share options granted to employees at the date of grant based on the difference between the exercise price of the options and the market value of the underlying shares at that date. Due to the terms of the grants, the fair value of the compensation in accordance with SFAS No. 123R, *"Accounting for Stock-Based Compensation"* approximates the values computed in accordance with APB No. 25. Stock-based compensation to non-employees is accounted for in accordance with SFAS No. 123R. Under both accounting pronouncements, as part of the necessary computations, management is required to estimate the fair value of the underlying shares. Fair value has generally been determined by management, as the price at which the Company's shares were issued at the most recent private placement of the Company's Common Stock. Since the Company trades on the Pink Sheets fair value is determined according to stock market price. The timing of the grant and measurement of stock-based awards will not have a material effect on the Company's consolidated results of operations and financial position. Since no stock-based awards exist.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the double-declining method over the estimated useful lives of the assets ranging from five to seven years. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income. Maintenance and repairs are charged to expense in the period incurred.

Income Taxes

The Company accounts for income taxes under an asset and liability approach. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the tax basis used for income tax purposes, and operating loss and tax credit carry-forwards measured by applying currently enacted tax laws. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is considered more likely than not to be realized.

Fair Value of Financial Instruments

The carrying amounts of the Company’s financial instruments, including cash, deferred product cost, inventory, accounts payable, deferred revenue, notes payable, accrued wages due officer and stockholder loans payable approximate their fair value due to their short maturities or market interest rates, if applicable, of such instruments.

Note A-Organization and Summary Of Significant Accounting Policies

Revenue Recognition
Net sales include contracts for providing research and development, product sales, and related service income. The Company recognized revenue when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. This is generally upon receipt of the customers acceptance form indicating the product has been completed to their satisfaction except for the research and development and service revenue which is recognized when the services have been performed. The Company defers prepayment on contracts until the above criteria have been met. The corresponding cost associated with those contracts is also deferred until the revenue is ultimately recognized.

Research and Development Costs
Research and development costs are charged to operations as incurred.

Recently Issued Accounting Pronouncements
In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities" (*"SFAS No. 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Companies should report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company is currently assessing the potential impact, if any, for the adoption of SFAS No.159 on its consolidated financial statements.

In December 2007, the FASB issued two new statements: (a.) SFAS No. 141(revised 2007), *Business Combinations*, and (b.) No. 160, *Noncontrolling Interests in Consolidated Financial Statements.* These statements are effective for fiscal years beginning after December 15, 2008 and the application of these standards will improve, simplify and converge internationally the accounting for business combinations and the reporting of noncontrolling interests in consolidated financial statements. The Company is in the process of evaluating the impact, if any, on SFAS 141 (R) and SFAS 160 and does not anticipate that the adoption of these standards will have any impact on its consolidated financial statements.

(a.) SFAS No. 141 (R) requires an acquiring entity in a business combination to: (i) recognize all (and only) the assets acquired and the liabilities assumed in the transaction, (ii) establish an acquisition-date fair value as the measurement objective for all assets acquired and the liabilities assumed, and (iii) disclose to investors and other users all of the information they will need to evaluate and understand the nature of, and the financial effect of, the business combination, and, (iv) recognize and measure the goodwill acquired in the business combination or a gain from a bargain purchase.

(b.) SFAS No. 160 will improve the relevance, comparability and transparency of financial information provided to investors by requiring all entities to: (i) report noncontrolling (minority) interests in subsidiaries in the same manner, as equity but separate from the parent's equity, in consolidated financial statements.

NOTE B – INVENTORIES

Inventories are stated at the lower of cost or market, with costs determined on a first-in, first-out (FIFO) basis. Inventory consisted of parts and completed units and was $150,702 at September 30, 2007.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2007:

	September 30, 2007
Furniture & Fixtures	20,025
Machinery & Equipment	259,034
Less Accumulated Depreciation	(277,683)
	$1,375

NOTE D – OPERATING LEASES AND COMMITMENTS

The Company leases its operating and office facilities under an agreement that expires annually on September 1st of each year and is renewable at the option of the lessor. With each annual renewal the monthly rent may be adjusted at the option of the lessor by the increase, if any, of the September year to year change in the Consumer Price Index. For the three and nine months ended September 30, 2007, the Company paid $9,069 and $27,000, respectively in rent.

NOTE E – NOTES PAYABLE

In prior years the Company entered into a $150,000 debt agreement that incurred interest at a rate of 7.5% through May 19, 2006 and 12.5% thereafter until paid in full. During 2007 the Company negotiated with the lender to forgive the interest on the note. In 2007 the Company made a principal payment of $30,000 and owed $120,000 at September 30, 2007.

NOTE F – LOANS FROM SHAREHOLDERS

The Company has received loans and advances from the President and other shareholders at various times. At September 30, 2007 the balance outstanding on these loans was $167,338. These loans carry no stated interest rate but the imputed effects of interest are not material to the financial statements taken as a whole.

NOTE G – STOCKHOLDERS' EQUITY

The Company is authorized to issue 100,000,000 shares of $0.001 par value common stock. At September 30, 2007, the Company had 17,592,739 shares issued and outstanding.

NOTE H – INCOME TAXES

Income tax provision for the nine months ended September 30, 2007 and 2006 was comprised of $800 of state current taxes, only.

NOTE I – LITIGATION

The Company is subject to certain routine legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of its business. The Company believes that the ultimate amount of liability, if any, for any pending claims of any type, will not materially affect its consolidated financial position, results of operations or liquidity.

NOTE – J GOING CONCERN

Between 2001 and 2006, the Company experienced significant operating losses, negative cash flows and had a stockholder deficit due to market conditions and R&D expenses. As of September 30, 2007, the Company had a repeat order backlog totaling approximately $856,000. With the increase in orders, management implemented a plan of action to move the Company towards profitability. The plan of action included, beginning in 2006 and continuing in the first half of 2007, the restructuring and retirement of a majority of its debt. Management has also repurchased all preferred shares of stock of its wholly owned subsidiary and converted the majority of shareholder loans to common stock. The Company plans to sell shares of its common stock to generate funds to meet new and increased demand for its products and services. Management believes that its plan of action will be sufficient to achieve this goal.

NOTE K – SUBSEQUENT EVENTS

On March 12, 2008 the Company entered into a letter of intent to acquire 100% of the stock of Modutek Corporation, a California corporation for $4,186,050. Terms of the agreement include a cash payment of $1,916,096 at closing and a promissory note for the remainder of the acquisition cost. This transaction is a primary part of the Company's plan of action to re-structure and is dependent upon new common stock financing to raise the necessary capital to complete the acquisition.

Legacy Holdings, Inc, (formerly CST Entertainment, Inc.) is filing Forms 10QSB and 10KSB for all interim and annual periods beginning with the quarter ended December 31, 1996 through June 30, 2007.

Item 2. Management's Discussions and Analysis of Financial Condition and Results of Operations

Note Regarding Forward Looking Statements

Except for statements of historical fact, certain information contained herein constitutes 'forward looking statements' within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Forward looking statements address our current plans, intentions, beliefs and expectations and are statements of our expected future economic performance. Statements containing terms like 'believes', 'does not believe', 'plans', 'expects', 'intends', 'estimates', 'anticipates', and other phrases of similar meaning or the negative or other variations of these words or other comparable words or phrases are considered to imply uncertainty and are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or achievements of the Company to be materially different from any future results or achievements of the Company expressed or implied by such forward looking statements. Such factors include, but are not limited to, our ability to obtain capital to finance and expand our operations, changes in economic conditions, government regulations, contract requirements and abilities, behavior of existing and new competitor companies and other risks and uncertainties discussed in this report on Form 10QSB, and in other documents the Company files from time to time with the SEC. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-QSB.

We cannot guarantee our future results, level of activity, performance or achievements. Neither we nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. We are under no duty to update any of the forward-looking statements after the date of this report.

Legacy Holdings, Inc. (the "Company", or "Legacy") provides wafer cleaning, etching and photoresist stripping equipment and process technology to the semiconductor industry, and related industries such as Solar Cells, Flat Panel Display's, and Light Emitting Diodes. We have developed and patented a new, and what we believe is a breakthrough process that employs cost advantaged "Green" chemistry, to produce an environmentally safe process for photoresist removal over metal exposed surfaces and organic cleaning of any size substrate.

In 1998, we began filing patent applications for new chemical processes, that utilizes Ozone and other environmentally friendly chemical processes for cleaning and photoresist stripping of silicon wafers of all sizes. These patented and patent pending technologies can be adopted to support wafer cleaning in a variety of different models. For our innovative process development of Green Chemistry, we received the U.S. EPA Green Chemistry Award issued by the White House in 1997. Legacy is the only semiconductor equipment company to receive this prestigious award.

In 2002, we completed the transition from a chemical module supplier to a full wet station supplier, with the sale of our first wet station. We were still in the development phase of its dryer technology (DryZone™) which was needed to break away from the other wet station manufacturers. In 2006, we introduced our first fully automated dry in/dry out wet station. In 2007, we received customer acceptance sign-off of three wet stations from three different customers and we received orders for two expanded wet stations.

We provide a technology we believe creates a significant operational and financial advantage for companies which produce semiconductors. Our technology supports equipment that provides wafers for digital memory in computers (DRAM) and/or the newly emerging NAND technology. NAND flash is used in digital photography and for memory in notebook computers.

We produce automated wet process equipment for the semiconductor, flat panel, solar cell, and MEMS industries. The equipment utilizes both patented process and hardware technologies developed by Legacy. The heart of the process technology is a state-of-the-art ozone cleaning and drying system. The Ozone technology base eliminates or reduces hazardous chemistries and hazardous process conditions while increasing process performance and wafer throughput.

Our equipment manufacturing is all subcontracted out to other vendors currently. There are many companies that can manufacture to our specifications on a sub contract basis, and no one sub contractor is critical to our business.

We have developed a unique photoresist ozone based wet stripping process that is aggressive enough to remove advanced photoresist polymers in less than 10 seconds from 300 mm sized wafers without affecting 32 nm dielectric films or etching sensitive copper/metal stack interconnects. Provided the necessary capital can be obtained, we are now positioned to provide this process technology and management proposes to build wet chemical delivery modules in the future to supply the ozone based chemistry for integration into manufacturer’s Wet Process Platforms. This same process line is proposed to generate a consumable chemistry which can be supplied to end-users. The chemical supply used in this process is an on-going requirement for photoresist removal.

Provided the necessary capital can be obtained, management plans to offer in house wafer processing services for customer Pre-diffusion cleaning and resist stripping operations. In this scenario, we would receive the wafers, process them in our application lab, package the wafers and return them to the client.

Results of Operations

Three and Nine Months Ended September 30, 2007 and 2006

Revenue

Our revenues were $87,543 and $32,054 for the three months ended September 30, 2007 and 2006, respectively, representing an increase of $55,489, or 173%. The increase in revenues for the three month period ended September 30, 2007 compared to 2006 was due to customer acceptance of the wetstations and Legacy’s process technologies, thereby generating additional sales.

Our revenues were $400,681 and $143,343 for the nine months ended September 30, 2007 and 2006, respectively, representing an increase of $257,338, or 180%. The increase in revenues for the nine month period was due to station acceptance by customers on previously shipped wetstations.

Costs and Operating Expenses for the Three Months Ended June 30, 2008

Our total costs and operating expenses were $62,762 and $103,722 for the three months ended September 30, 2007 and 2006, respectively, representing a decrease of $40,960, or 39%. Our total costs and operating expenses were $269,800 and $309,982 for our nine months ended September 30, 2007 and 2006, respectively, representing a decrease of $40,182, or 13%. The lower costs and operating expenses in 2007 was principally due to the shift away from manufacturing to address the corporate infrastructure after the reverse merger.

Research and Development Expenses. Our Research and Development expenses for the three months ended September 30, 2007 and 2006, were $15,061 and $37,352 respectively, representing a decrease of $22,291 or 60%. Our Research and Development expenses for our nine months ended September 30, 2007 and 2006 were $86,611 and $108,857, representing a decrease of $22,246 or 20%. The decrease in our research and development expenses was principally due to the shift away from manufacturing to address the corporate infrastructure after the reverse merger.

General and Administrative Expenses. General and administrative expenses were $42,332 and $55,659 for the three months ended September 30, 2007 and 2006, respectively, representing a decrease of $13,327, or 24%. General and administrative expenses were $135,728 and $156,644 for our nine months ended September 30, 2007 and 2006, respectively, representing a decrease of $20,917, or 13%. The decrease in our general and administrative expenses in 2007, as compared to 2006, is primarily related to the focus on equipment manufacturing and not sales and marketing due to the limited manpower.

Although the net changes and percent changes with respect to our revenues and our costs and operating expenses for our three and nine months ended September 30, 2007 and 2006 are summarized above, these trends should not be viewed as a definitive indication of our future results.

Liquidity and Capital Resources

At September 30, 2007, our principal sources of liquidity consisted of $6,502 of cash, as compared to $20,099 of cash at December 31, 2006. In addition, we had a stockholders' deficit of $786,510 at September 30, 2007, compared to a deficit of $1,322,001 at December 31, 2006, a reduction in the deficit of $535,491.

Our operations used net cash of $55,423 during our first nine months ending September 30, 2007, as compared to providing net cash of $24,621 during our nine months ending September 30, 2006. The $80,044 decrease in the net cash provided by our operating activities was principally due to the significant decrease in deferred revenue.

Financing activities provided $41,826 in net cash during our nine months ending September 30, 2007, compared to using $23,628 in net cash during our nine months ending September 30, 2006, or an increase of $65,454.

We have no significant contractual obligations or commercial commitments not reflected on our balance sheet as of this date.

Plan of Operations

During the next 12 months, we will continue to focus on acquisition of a synergistic manufacturing company, and introduction of our process technology to Tier 1 customers such as Intel, Texas Instruments, and Samsung.

We intend to seek additional capital and lines of credit to increase our work force and expand our inventory. At our nine months ending September 30, 2007, we had a working capital deficit of $789,208 and total current liabilities of $1,318,679, consisting of $167,338 in related party loans and $836,181 in deferred revenues and $315,160 in accrued wages and taxes, accounts payable and notes payable. Without increased capital we will be unable to substantially reduce our working capital deficit or reduce our current liabilities. Our financing efforts may be impaired by our limited revenues as well as the limited liquidity for our common stock.

We cannot assure that additional capital funding would be available through private or public equity financing or bank financing. Furthermore, outside events such as the trends in the silicon chip manufacturing business, the condition of the stock market, interest rate levels and the availability of credit could affect our ability to obtain financing. We have no financing arrangements with any person to obtain additional funding on any terms and cannot assure that we will be able to do so.

Critical Accounting Policies

We have identified the policies outlined below as critical to our business operations and an understanding of our results of operations. The list is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis or Plan of Operations where such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see the Notes to our Consolidated Financial Statements. Note that our preparation of the financial statements requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates.

Revenue Recognition

All revenues are derived from the sale of our products and services. Revenue and related taxes and operating expenses are recorded in the month the product or service is delivered to the purchaser. Accounts receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance based on its assessment of the collectibility of the receivable. At our quarters ended September 30, 2007 and 2006, no allowance for doubtful accounts was deemed necessary.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable and deferred taxes. Deferred taxes are provided on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements and tax operating loss carryforwards. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Accounting for Reorganization

In view of Legacy Systems, Inc.'s reorganization with Legacy Holdings, Inc, a shell corporation, via a stock for stock exchange, the Company's financial statements have been treated as a reorganization for presentation purposes.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation, under the supervision and participation of our management, including the Company's President and Chief Financial Officer (who is the principal accounting officer). No weaknesses were noted and both the President and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the most recent fiscal quarter covered by this Form 10-QSB.

(b) Changes in internal controls

In accordance with Item 308 (c) of Regulation S-B, there were no changes in the Company's internal control reporting in connection with the Company's evaluation of its internal controls that occurred during the most recent fiscal quarter covered by this Form 10-QSB.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings. None

Item 2. Unregistered Sales of Equity Securities and use of proceeds. None

Item 3. Defaults Upon Senior Securities. None

Item 4. Submission of Matters to a Vote of Security Holders. None

Item 5. Other Information. None

Item 6. Exhibits

Exhibit Number	Title of Document
31.1	Certification of Principal Executive Officer and Principal Accounting Officer Pursuant to Rule 13a-14
32.1	Certification of Chief Executive Officer and Principle Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this Report to be signed on its behalf by the undersigned thereto duly authorized.

Date: August 27, 2008

LEGACY HOLDING, INC.

By: Robert Matthews

Robert Matthews
President, CEO and Treasurer

EXHIBIT 31.1

Certification Pursuant to 18 U.S.C. Section 1350, As Adopted
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Matthews, the Chief Financial Officer and Principle Accounting Officer of Legacy Holdings, Inc. FKA CST Entertainment, Inc. (the "Company" or the "small business issuer"), certify that:

1. I have reviewed this quarterly report on Form 10QSB of the Company for its three and six months ended September 30, 2007;

2. To the best of my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. To the best of my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. As the small business issuer's certifying officer I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/S/ Robert Matthews

Name:Robert Matthews

Title: Chief Executive Officer and Principle Accounting Officer

Dated: August 27, 2008

EXHIBIT 32.1

Certification Pursuant to
Exchange Act Rule 15d-14(b) and
18 U.S.C. Section 1350

In connection with the quarterly Report of Legacy Holdings, Inc. FKA CST Entertainment, Inc. (the ”Company”) on Form 10QSB for the period ending September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Matthews, Chief Executive Officer and Principle Accounting Officer of the Company, certify, to the best of my knowledge, pursuant to Exchange Act Rule 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 27, 2008

/S/ Robert Matthews
Name: Robert Matthews
Title: Chief Executive Officer and Principle Accounting Officer