SUTIMCo International, Inc.
CONSOLIDATED BALANCE SHEETS
UNAUDITED

	March 31, 2012
ASSETS	
Current assets:	
Cash and cash equivalents	$ 30
Accounts Receivable	2,254,742
Prepaid Expenses	3,966
Investment in Related Parties	535,730
Total current assets	$2,794,468
Total assets	$ 2,794,468
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable	$ 2,089,693
Accrued Expenses	847,044
Notes payable	833,251
Promissory note	92,003
Note payable to related party	470,896
	$4,332,887
Total current liabilities	
Commitments and contingencies	
Long-term debt	5,500,000
Stockholders' equity (deficit):	
Series A convertible preferred stock, $0.001 par value; 10 shares authorized, 0 issued and outstanding	--
Series B convertible preferred stock, $0.001 par value; 20 shares authorized, issued and outstanding, liquidation preference of $2,000,000.	--
Series C convertible preferred stock, $1.00 par value; 68,000 shares authorized issued and outstanding	68,000
Series D convertible preferred stock, $10.00 par value; 300,000 shares authorized, issued, and outstanding	3,000,000
Common stock; $0.001 par value; 950,000,000 shares authorized; 33,703,880 shares issued and 33,684,373 outstanding	1,599,871
Additional paid-in capital	(12,717,191)
Retained Earnings	1,010,901
Total liabilities and stockholders' deficit	$ 2,794,468

See notes to the consolidated financial statements

SUTIMCo International, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended March 31, 2012
Revenues:	$ 465,000
Operating expenses:	
Engineering & Product Development	29,028
Sales and General & Administrative	195,086
Total operating expenses	224,114
Income (Loss) from operations	240,886
Interest expense	5,484
Income (Loss) before income taxes	235,402
Income taxes	0
Net Income	$ 235,402

See notes to the consolidated financial statements

SUTIMCo International, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE Quarter ended March 31, 2012
Unaudited

	Class A Preferred		Class B Preferred		Class C Preferred		Class D Preferred		Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance January 1, 2010 (unaudited)	10	--	20	--	--	--	--	--	66,925,215	66,925	1,413,984	(4,139,963)	(2,659,054)
Proceeds from sale of common stock (unaudited)	--	--	--	--	--	--	--	--	21,739,130	21,739	3,261	--	25,000
Common stock issued to pay operating expenses (unaudited)	--	--	--	--	--	--	--	--	130,000,000	130,000	772,000	--	902,000
Net Loss (Unaudited)	--	--	--	--	--	--	--	--	--	--	--	(1,081,547)	(1,081,547)
Balance December 31, 2010	10	--	20	--	--	--	--	--	218,664,345	$ 218,664	$ 2,189,245	$ (5,221,521)	$ (2,813,601)
Common stock issued to pay operating expenses	--	--	--	--	--	--	--	--	548,566,126	548,566	(226,547)		322,019
Common shares issued to reduce notes payable	--	--	--	--	--	--	--	--	800,000,000	800,000	(542,000)		258,000
Reduction in shares outstanding after 1500 for 1 reverse stock split on Nov 8, 2011									(1,566,185,534)	--	--	--	--
Balance Nov 8, 2011									1,044,937	$ 1,567,230	$ 1,420,698	$ (5,221,521)	$ (2,233,582)

SUTIMCo International, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE Quarter ended March 31, 2012
(continued)

	Class A Preferred		Class B Preferred		Class C Preferred		Class D Preferred		Common Stock		Additional Paid-In	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Deficit
Common stock issued to pay operating expenses									72,769	73	13,593		13,655
Common shares issued to reduce notes payable									1,500,000	1,500	1,350		150
Common stock issued on Acquisition Agreement									30,000,000	30,000	9 70,000		1,000,000
Redemption of Series "A" Preferred Stock	(10)	--	--	--	--	--	--	--	--	--	--	--	--
Issuance of Series "C" Preferred stock at $1.00 per share	--	--	--	--	68,000	68,000	--	--	--	--	--	--	68,000
Issuance of Series "D" Preferred stock related to acquisition at $10.00 per share	--	--	--	--	--	--	300,000	3,000,000	--	--	--	--	3,000,000
Impact of reverse merger on paid in capital and retained earnings	--	--	--	--	--	--	--	--	--	--	(15,135,065)	4,920,219	(10,214,846)
Net Income	--	--	--	--	--	--	--	--	--	--	--	1,076,801	1,076,801
Balance December 31, 2011	--	--	20	--	68,000	$68,000	300,000	$3,000,000	32,617,706	$ 1,598,803	$(12,732,124)	$775,499	$ (7,289,822)
Common shares issued									1,066,667	1,067	14,933		16,000
Net Income												235,402	235,402
Balance March 31, 2012			20		68,000	$68,000	300,000	$3,000,000	33,703,880	$ 1,599,870	$ (12,717,191)	1,010,901	$ (7,038,419)

See notes to the consolidated financial statements.

SUTIMCo International, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Three Months Ended March 31, 2012 (Unaudited)
Cash flows from operating activities:	
Net income	235,402
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	-447,600
(Increase) decrease prepaid expense	-3,966
(Increase) decrease investment in related parties	1,790
Increase (decrease) accounts payable	237,166
Increase (decrease) accrued expenses	-54,195
Increase (decrease) in notes payable	12,376
Increase (decrease) promissory note	1,148
	-253,281
Net cash used in operating activities	-17,879
Cash flows from investing activities:	0
Net Cash generated (used) by investing activities	0
Cash flows from financing activities:	
Increase (decrease) stockholder note payable	2,275
Common stock issued to reduce payables	16,000
Net cash provided by financing activities	18,275
Net change in cash	396
Cash, beginning of period	-366
Cash, end of period	30

See notes to the consolidated financial statements

SUTIMCO INTERNATIONAL, INC.
NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Organization and Basis of Presentation

Sutimco International, Inc. is a Nevada corporation formed as Real Paper Displays Inc. on May 11, 2006. The Company is a holding company, which utilizes a platform to launch new technology enterprises based on university research developed technologies. The Company provides experienced management to early stage companies that reduce risk of business failure.

Acquisition of Majority Ownership in AquaStar

On October 23, 2009, the Company acquired a majority ownership in AquaStar Corporation, a privately held Nevada corporation, for $2,000 (100,000 shares of common stock valued at $.02/share). AquaStar Corporation has developed a new generation of air conditioning compressor technology that enables the unprecedented use of water as a refrigerant in residential and light-industrial/commercial air conditioners, replacing environmentally hazardous chemicals. The Company's consolidated condensed financial statements include the operating results of AquaStar Corporation from the date of acquisition. Pro forma results of operations prior to acquisition have not been presented because the effects of the acquisition of the majority ownership of AquaStar Corporation were not material to the Company's financial results.

Acquisition of SUTIMCo, Inc. and Reverse Acquisition Accounting.

On April 1, 2011, the Company consummated an agreement to acquire 100% of the issued and outstanding capital stock of SUTIMCo, Inc. In exchange, the Company issued 300,000 shares of Class D convertible preferred stock valued at $3,000,000 ($10.00 par value per share) and 30,000,000 Restricted Common Shares valued at $1,000,000. Each share of Series D convertible preferred stock shall be convertible, at the option of the shareholder after a holding period of a minimum of 12 months from the issue date on the share certificate. The Series D convertible preferred stock shares shall be exchanged for the common shares of the Company at a 20% discount to the 10 day average closing price immediately preceding the date on which the Series D convertible preferred stock certificate is received. Additionally, the Company issued a debt instrument in the amount of $5,500,000 which is payable within a twenty-four (24) month period from the date of closing.

Effective January 1, 2011, the Company is no longer in the development stage, as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises."

Due to the fact that a write-up of assets, including goodwill, cannot occur when related parties are involved in deciding the values of an acquisition, the transaction was recorded as a "reverse-merger" whereby SUTIMCo, Inc. was considered to be the acquirer for accounting purposes. The transaction is equivalent to the issuance of stock by SUTIMCo, Inc. for the net monetary assets of a public company (the Company), accompanied by a recapitalization. Prior to the transaction, SUTIMCo International, Inc was a public company with assets of $949, liabilities totaling $2,848,490 and 592,414,345 shares of common stock issued and outstanding. SUTIMCo, Inc. was a privately owned, management company. The accounting for the transaction is similar to a merger whereby assets and liabilities are recorded at their book value. Accordingly, these financial statements are the historical financial statements of SUTIMCo, Inc. The recapitalization required pursuant to this merger resulted in a negative additional paid-in capital balance.

Basis of Presentation

SUTIMCO INTERNATIONAL, INC.
NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its majority owned subsidiaries, AquaStar Corporation and Sutimco Inc. All intercompany accounts and transactions have been eliminated. In the opinion of management, all adjustments necessary to present fairly the condensed consolidated financial position as of March 31, 2012 have been included in the condensed consolidated financial statements. Interim results are not necessarily indicative of results of operations for the full year.

<u>Going Concern</u>

The Company's unaudited condensed consolidated financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the Unites States of America and have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company has a working capital deficit of $1,538,419 as of March 31, 2012. The Company cannot provide assurance that it can sustain profitability on a quarterly or annual basis in the future. The Company anticipates it may incur losses until it is able to establish significant levels of revenue while controlling its expenses. The Company's success is dependent upon (a) the successful launching of new university research technologies which will generate management fees for the Company and (b) the development, marketing and sales of the products sold by the portfolio companies that the Company manages. There can be no assurance of either of these two factors. Any future success that the Company might experience will depend upon many factors, including factors out of its control or which cannot be predicted at this time.

These factors may include changes in or increased levels of competition, including the entry of additional competitors and increased success by existing competitors, changes in general economic conditions, increases in operating costs, including costs of supplies, personnel and equipment, reduced margins caused by competitive pressures, failure of the Company to launch new technologies and other factors. These conditions may have a materially adverse effect upon the Company or may force it to reduce or curtail operations. In addition, the Company will require additional funds to sustain and expand its efforts, particularly if a well-financed competitor emerges.

From September 2006 through March 2012, the Company raised $357,719, net of issuance costs, in private offerings of its common stock. The Company also raised $68,000 in a private offering of Series C preferred stock for the period ending March 31, 2012. Despite the Company's success in the offerings, there are no assurances that the Company will be able to continue to obtain debt or equity financing on terms acceptable to the Company, if at all. The inability to obtain sufficient funds from operations or external sources would require the Company to curtail or cease operations. Any additional equity financing may involve substantial dilution to then existing stockholders.

Management plans to continue to seek additional funds to meet its capital requirements by issuing additional equity and debt securities. (See Note 7.)

In view of the matters described above, the continued operations of the Company are dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The condensed consolidated financial statements do not include any adjustments relating to the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

SUTIMCO INTERNATIONAL, INC.
NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of condensed consolidated 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, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant estimates include the value of common stock issued for services and the realizability of the deferred tax asset.

Cash and Cash Equivalents

The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At various times, the Company's cash balances have exceeded the insured limit. Management believes the risk of loss of cash balances in excess of the insured limit to be low.

Customers

The Company had two customers that accounted for all the revenue during the three months ended March 31, 2012.

Accounts Receivable.

Accounts receivable consists of amounts billed to customers upon performance of service. The Company performs ongoing credit evaluations of customers and adjusts credit limits based upon payment history and the customers' current creditworthiness, as determined by its review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any customer-specific collection issues that it has identified. The Company records specific reserve provisions for individual accounts when the Company becomes aware of a customer's inability to meet its financial obligation to the Company.

SUTIMCo's clients do not have the ability to pay the SUTIMCo invoices when received. SUTIMCo must wait for its clients to either raise money or generate revenues in order to receive money from its Venture Accelerator Agreements (VAA). SUTIMCO management believes that the short term risk will pay off as the technologies behind the VAA is based upon both University Research and Government support.

Revenue Recognition

For all portfolio companies that the Company manages, the Company enters into a Venture Acceleration Agreement, (the "Venture Agreement"). Pursuant to the Venture Agreement, the Company will provide certain services and personnel to the portfolio company for an initial term of three years. In return, the portfolio company will pay a management fee and a performance fee.

The management fee calls for a one-time payment of $100,000 and an annual fee in the amount of $930,000, payable in monthly installments of $77,500. For the first three years of the Venture Agreement, the performance fee is six percent of gross revenue. Thereafter, the performance fee will be fifteen percent of quarterly operating profit before the performance fee. Additionally, if the portfolio company has an operating profit in the fourth quarter of the third year of the Agreement, the Company will be entitled to receive fifteen percent of the portfolio company's gross revenue during the two years following the initial term of the Venture Agreement. No performance fees are due for the three months ended March 31, 2012.

The company's revenue is derived entirely from management contracts with two affiliated companies (CapWave Sensors Inc. and WildCap Energy Inc.), neither of which has the financial capacity to meet their obligations in a timely manner. In the case of WildCap Energy, approximately $500,000 of the outstanding fees has been converted to equity and appears as an investment in affiliated companies. This option to convert outstanding accounts receivables to equity remains to the company for the other unpaid balances.

The Company has been retained by these entities to acquire capital for them so they can begin operation. It is the view of management at this time that the prospect of achieving the desired capitalization of these companies is good and believes that the receivables recorded will be collected within the 2012 calendar year.

Fair Value of Financial Instruments

In accordance with the reporting requirements of ASC Topic 825, Financial Instruments, the Company calculates the fair value of its assets and liabilities that qualify as financial instruments under this standard and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of cash, accounts receivable, accounts payable, promissory notes payable and notes payable, approximate their carrying amounts due to the nature and short maturity of these instruments. Other than amounts due to related party, the Company considers the carrying value of its financial instruments to approximate their fair value due to the short maturity of these instruments.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this standard, deferred tax assets and liabilities are recognized for future tax benefits or consequences attributable to temporary 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. A valuation allowance is provided for significant deferred tax assets when it is most likely that such an asset will not be realized through future operations.

Stock-Based Compensation

All issuances of the Company's stock for non-cash consideration have been assigned a per share amount equaling either the market value of the shares issued or the value of consideration received, whichever is more readily determinable. The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" and EITF Issue No. 00-18, "Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees." The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor’s performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. In accordance to EITF 00-18, an asset acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should be recorded as a prepaid expense. At March 31, 2012 and December 31, 2011, no such transactions were recorded.

NOTE 3 – NOTES PAYABLE

On October 15, 2009, the Company entered into an agreement with Big Apple Equities, LLC (“Big Apple”) to provide consulting services, to the Company, in the brokerage community. Big Apple agreed to diligently market and promote the Company to brokers and other investors, advisors, counselors, trustees, agents and other individuals and entities whom Big Apple is legally permitted to contact. Additionally, Big Apple agreed to introduce the Company to Big Apple’s network of brokerage firms and market makers. The consulting agreement was assigned by Big Apple Equities, LLC to Boost Marketing on October 15, 2010 with the Company’s concurrence. The Company has agreed to compensate Boost Marketing $50,000 per month with the first month’s fee being in the form of 5,000,000 free trading, fully vested shares of the Company’s common stock (valued at $.01/share). Additionally, the Company has agreed to deposit 1,000,000 shares of the Company’s free-trading common stock in an escrow account until such time as the Company can “deposit/withdrawal at custodian” (DWAC) its common stock shares. The escrow shares are issued but are not considered outstanding. Consulting fees expensed in the three months ended March 31, 2012 totaled $150,000. These expenses were included in general and administrative expense in the accompanying unaudited consolidated financial statements.

Payment of the second through sixth month’s compensation has been secured with a promissory note, dated November 5, 2009 in the amount of $250,000 with interest at the rate of five percent (5%) per annum. The Company has agreed to pay the principal of this note within ten (10) days following demand for payment by Big Apple. The payment demand can be made by Big Apple at any time after the sixth (60^{th}) day following the issuance of this note. Interest expensed in the three months ended March 31, 2012 is $1,148. This expense was included in interest expense in the accompanying consolidated financial statements.

On June 8, 2011, the Company entered into an unsecured debt arrangement in the form of promissory notes, totaling $725,000, with interest at the rate of five percent (5%) per annum with Boost Marketing. The Company has agreed to pay the principal of this note within ten (10) days following demand for payment by Boost Marketing. These monies were previously shown in accounts payable.

NOTE 4 – NOTE PAYABLE TO RELATED PARTY

The Company entered into an unsecured revolving note payable to SUTI Holdings LP that was amended in January 2008 to allow the Company to borrow up to $400,000 subject to availability of funds. The note is due 30 days after a written demand for payment has been made and bears simple interest at 10 percent per annum. The balance on the note was $251,449 as of March 31, 2012. Interest in the amount of $4,335 was accrued on the note during the three months ended March 31, 2012. No borrowings were made in the three months ended March 31, 2012. No principal or interest payments were made during the three months ended March 31, 2012.

NOTE 5 –PROMISSORY NOTE

The Company entered into an unsecured debt arrangement in the form of promissory notes payable to Boost Marketing on March 3, 2011. The total amount of the promissory notes is $60,000. The notes are due 10 days after receiving a written demand for payment from Boost Marketing. The promissory notes bear interest at the rate of 5% per annum. Payment of the notes can be either in cash or SUTIMCo International, Inc. stock. If payment is made in SUTIMCo International, Inc. stock, the "conversion price" is the lesser of (a) the price that the SUTIMCo International, Inc. common stock is trading at on the date of conversion less a 50% percent discount or (b) $0.0001 per share. The balance on the note as of March 31, 2012 was $92,003. Interest in the amount of $1,415 was accrued on the note during the three months ended March 31, 2012.

NOTE 6– STOCK COMPENSATION PLAN

The Company's non-qualified company stock grant and option plan ("the Plan"), dated August 17, 2007 is intended to promote the interests of the Company and its stockholders by using investment interests in the Company to attract, retain, and motivate its management and other persons, including officers, directors, key employees and certain consultants, to encourage and reward such persons' contributions to the performance of the Company and to align their interests with the interests of the Company's stockholders. In furtherance of this purpose, the Plan authorizes the granting of the following types of stock-based awards: non-qualified stock options, restricted stock awards, unrestricted stock awards, and performance stock awards.

Key employees (including employees who are also directors or officers), directors and certain consultants of the Company or any subsidiary are eligible to be granted an award and the type or types of award to be made is decided upon by the Board of Directors taking into account various factors. In the event that the award is in the form of non-qualified stock option, the Board of Directors determines the exercise price as well as the vesting schedule.

The maximum number of shares of the Company's stock that may be issued under the Plan is 4,000,000. As of March 31, 2012, the Company has issued 1,832,000 shares as stock grants to directors, consultants and a related party for services rendered in 2007. No options have been granted during the three months ended March 31, 2012.

NOTE 7 – STOCKHOLDERS' DEFICIT

Preferred Stock
The Company is authorized to issue up to 10,000,000 shares of its $0.001 par value preferred stock, of which 10 shares have been designated Series A convertible preferred stock, 20 shares have been designated Series B convertible preferred stock, 68,000 shares have been designated Series C convertible preferred stock and 400,000 shares have been designated Series D convertible preferred stock.

Series A Preferred Stock
The Series A preferred stock was issued to under a technology agreement with a university and subsequently redeemed.

Series B Preferred Stock

The holders of Series B convertible preferred stock have a liquidation preference of $100,000 per share plus accrued but unpaid dividends. Such amounts will be paid on all outstanding Series B preferred shares before any payment shall be made or any assets distributed to the holders of common stock or any other stock of any other series of preferred stock, but junior to the Series A preferred stockholders. Each share of Series B preferred stock is convertible, at the option of the holder, into an equivalent number of common shares such that the percentage of ownership will be equal to 1% of the common stock authorized and outstanding on a fully diluted basis at the time of conversion. The holders of Series B preferred stock must convert their shares at such time that the Company receives at least $8.5 million in cumulative funding. The holders of these preferred shares shall have the right to vote and cast that number of votes which the holder would have been entitled to cast had such holder converted the shares immediately prior to the record date for such vote. The holder of these shares shall participate in all dividends declared and paid with respect to the common stock to the same extent had such holder converted the shares immediately prior to the record date for the dividend. The Series B preferred stock was issued to SUTI Holdings LP in February 2007.

Series C Preferred Stock

The Company is offering to accredited investors a total of 1,000 units of convertible Series “C” Preferred stock. Each unit consists of 10,000 shares of Series “C” Convertible Preferred Shares. Each unit is being offered at a price of $10,000. The total amount of the offering is $10,000,000. The Company plans to use the net proceeds of this Offering for working capital purposes and such other business purposes as management may from time to time determine. The Offering was extended and will terminate March 31, 2013, subject to the Company’s right to extend the offering at the Company’s discretion. The Company may withdraw the Offering at any time.

Each share of Series C Convertible Preferred shall be convertible, at the option of the Shareholder after a holding period of a minimum of 12 months from the date on the Share Certificate. The Shares shall be exchanged for Common shares of the Company at a 20% discount to the 10-day average closing price immediately preceding the date on which the Certificate(s) is received.

For investments of $20,000 or greater, the investor shall receive one (1) warrant for each share of Convertible Preferred Series “C” stock purchased. Each warrant will allow the purchaser to buy ten additional common shares of the Company for a price of $0.001/ per share within two years of the initial purchase of the Series C Convertible Preferred Shares. Warrants may be exercised over 2 year period, but no more than 25% of the original amount per quarter except for the last quarter before expiring, starting 30 days from the date the investment is made. Any options not exercised within 2 years from the date on the Warrant shall expire and become void.

In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the assets of the Corporation available for distribution to its stockholders shall be distributed as described in the private placement memorandum.

Series “C” Convertible Preferred Shares shall have voting rights to vote upon any matter submitted to the stockholders. Each holder of the Series “C” Preferred Stock shall have one vote for each full share of Common Stock into which a Share of such series would be convertible on the record date for the vote.

As of March 31, 2012, 68,000 shares of Preferred stock Series C have been sold.

Series D Preferred Stock

The Company issued 400,000 shares of Class D convertible preferred stock valued at $4,000,000 ($10.00 par value per share) to acquire 100% of the outstanding shares of SUTIMCo, Inc. Each share of Series D convertible preferred stock shall be convertible, at the option of the shareholder after a holding period of a minimum of 12 months from the issue date on the share certificate. The Series D convertible preferred stock shares shall be exchanged for the common shares of the Company at a 20% discount to the 10 day average closing price immediately preceding the date on which the Series D convertible preferred stock certificate is received.

On November 8, 2011 the Acquisition Agreement was amended as follows; Seller shall receive ($9,500,000) (the "Purchase Price"), to be paid to seller as follows: One Million Dollars ($1,000,000) in the form of Restricted Common Shares of the Buyer, which is due upon closing, Three Million Dollars ($3,000,000) in the form of Preferred Shares of the Buyer to be paid within 30 days from the date of closing, and Five Million Five Hundred Thousand Dollars ($5,500,000) in cash to be paid within a 24 month period from the date of closing.

Common Stock

On June 20 2011, the company filed with the Secretary of State for Nevada a certificate of amendment that increased the authorized common stock from 950,000,000 with a par value of $0.001 to 5,000,000,000 shares of common stock with a par value of $0.001.

On November 8, 2011, the Company completed a 1,500 to 1 Reverse Stock Split for shareholders of record as of November 8, 2011. The Number of Shares Authorized was amended from 5,000,000,000 shares of Common Stock, par value $0.001, to 950,000,000 shares of Common Stock, par value $0.001, via the filing of a Certificate of Change to NRS 78.209 with the Secretary of State Nevada on October 11, 2011. All references to common shares outstanding reflect or give effect to the reverse split. The holders of the Company's common stock are entitled to one vote per share of common stock held and have equal rights to receive dividends when, and if, declared by the Board of Directors. In the event of liquidation, holders of common stock are entitled to share ratably in the net assets available for distribution to stockholders, subject to the rights, if any, of holders of any preferred stock then outstanding.

During the three months ended March 31, 2012, the Company issued 1,066,667 shares of common stock to a vendor to reduce the monies owed, valued at $16,000.

SUTIMCO INTERNATIONAL, INC.
NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Indemnities and Guarantees

During the normal course of business, the Company made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees, consultants and agents against liabilities arising out of the performance of services to the Company. The Company has agreed to indemnify the University from any causes of action resulting from the exercise or practice of the License Agreement. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. To date, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheets.

NOTE 9 – SUBSEQUENT EVENTS

The Company had the following stock issuances from April 1, 2012 through May 15, 2012:

1. Free trading shares of common stock were issued to Just Marketing Group Inc. on April 15, 2012 pursuant to an Assignment of Convertible Promissory Note signed April 5, 2012

2. Free trading shares of common stock were issued to Fairhills Capital on May 1, 2012 pursuant to an Assignment of Debt Agreement signed March 5, 2012.