

**Capital Financial Global, Inc.**  
**Consolidated Statement of Earnings**  
**(Unaudited)**

|   | Three Months<br>Ended March 31<br>2012 | Twelve Months<br>Ended December 31<br>2011 | Three Months<br>Ended March 31<br>2011 | Twelve Months<br>Ended December 31<br>2,010 |
|---|--|--|--|---|
| <b>Revenues</b>                               |  |  |  |   |
| Interest and fees on loans                    | \$ -                                   | \$ 7,953                                   | \$ 7,953                               | 12,799                                      |
| Interest on securities                        | 8,617                                  | 44,514                                     | 13,755                                 | 13,634                                      |
| Interest expense                              | (4,097)                                | (15,386)                                   | (3,687)                                | (1,808)                                     |
| Net interest income                           | <u>4,520</u>                           | <u>37,081</u>                              | <u>18,021</u>                          | <u>24,625</u>                               |
| Net proprietary trading gains (loss)          | \$ 1,586                               | \$ (11,561)                                | \$ (22,940)                            | 7,133                                       |
| Net other investments gains (loss)            | 0                                      | 0  | 0                                      | 0   |
| Net unrealized trading gains (loss)           | \$ 13,322                              | 58,142                                     | (8,194)                                | (60,884)                                    |
| Loan servicing fees                           | \$ 98                                  |  |  |   |
| Total non-interest Income                     | <u>15,005</u>                          | <u>46,581</u>                              | <u>(31,134)</u>                        | <u>(53,751)</u>                             |
| <b>Net Revenue</b>                            | <b><u>19,525</u></b>                   | <b><u>83,662</u></b>                       | <b><u>(13,112)</u></b>                 | <b><u>(29,127)</u></b>                      |
| <b>Operating expenses</b>                     |  |  |  |   |
| Compensation & benefits                       | \$ 33,525                              | \$ 118,132                                 | \$ 34,700                              | 36,500                                      |
| Corporate development                         | 365                                    | 55,603                                     | 24,400                                 | 2,360                                       |
| Marketing                                     | 11,940                                 | 4,672                                      | 0                                      | 540   |
| Communications & technology                   | 2,748                                  | 3,936                                      | 345                                    | 430   |
| Depreciation & amortization                   | 2,951                                  | 9,548                                      | 0                                      | 5,689                                       |
| Occupancy                                     | 2,475                                  | 2,345                                      | 120                                    | 480   |
| Professional fees                             | 33,983                                 | 104,663                                    | 57,880                                 | 26,115                                      |
| Other General & administrative                | 3,653                                  | 20,290                                     | 2,934                                  | 6,512                                       |
| <b>Total operating expense</b>                | <b><u>91,639</u></b>                   | <b><u>319,190</u></b>                      | <b><u>120,378</u></b>                  | <b><u>78,626</u></b>                        |
| Non-operating interest gain (expense)         | (2,992)                                | (12,170)                                   | 0                                      | 0   |
| Pre-tax earnings                              | (75,106)                               | (247,698)                                  | (133,491)                              | (107,753)                                   |
| Provision for income tax (benefit)            | 0                                      | 0  | 0                                      | 0   |
| <b>Net earnings</b>                           | <b><u>(75,106)</u></b>                 | <b><u>(247,698)</u></b>                    | <b><u>(133,491)</u></b>                | <b><u>(107,753)</u></b>                     |
| Preferred stock dividends                     | (4,986.30)                             | (24,602.75)                                | (9,534.25)                             | 0   |
| Net earnings available to common shareholders | N/A                                    | N/A  | N/A                                    | N/A   |
| Earnings per common share                     |  |  |  |   |
| Basic   | N/A                                    | N/A  | N/A                                    | N/A   |
| Diluted                                       | N/A                                    | N/A  | N/A                                    | N/A   |
| Dividends declared per common share           | N/A                                    | N/A  | N/A                                    | N/A   |
| Weighted average shares outstanding:          |  |  |  |   |
| Basic   | 116,037,258                            | 96,037,258                                 | 77,687,260                             | 70,987,260                                  |
| Diluted (see notes 4.3 & 4.7)                 | 238,876,379                            | 197,876,379                                | 160,258,883                            | 147,523,883                                 |

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

**Capital Financial Global, Inc.**  
**Consolidated Statements of Financial Condition**  
**(Unaudited)**

|   | As of<br>March 31<br>2012 | As of<br>December 31<br>2011 | As of<br>March 31<br>2011 | As of<br>December 31<br>2010 |
|---|---------------------------|------------------------------|---------------------------|------------------------------|
| <b>Assets</b>   |                           |                              |                           |                              |
| <b>Current assets</b>   |                           |                              |                           |                              |
| Cash and cash equivalents (see note 4.16)   | 749,084                   | 825,466                      | 878,714                   | 972,653                      |
| Allowance to value at market  | 16,942                    | 3,146                        | (62,192)                  | (60,884)                     |
| Accounts receivable, net of allowance for doubtful accounts   | 0                         | 0                            | 0                         | 7,799                        |
| Loans held for sale   | 0                         | 0                            | 0                         | 500,000                      |
| Accrued interest  | 10,192                    | 11,648                       | 8,349                     | 6,731                        |
| Prepaid expenses  | 15,000                    | 15,000                       | 15,000                    | 0                            |
| <b>Total current assets</b>   | <b>791,219</b>            | <b>855,260</b>               | <b>839,871</b>            | <b>1,426,299</b>             |
| Derivative asset (see note 4.9 & 4.17)  | 10,000                    | 10,000                       | 10,000                    | 10,000                       |
| Office equipment  | 35,403                    | 21,755                       | 8,000                     | 8,000                        |
| Accumulated depreciation  | (6,432)                   | (5,015)                      | (1,600)                   | (1,600)                      |
| Property (see Note 4.15)  | 1,000,000                 | 1,000,000                    | 0                         | 0                            |
| Goodwill  | 92,000                    | 92,000                       | 92,000                    | 92,000                       |
| Accumulated amortization  | (11,755)                  | (10,222)                     | (4,089)                   | (4,089)                      |
| <b>Total long-term assets</b>   | <b>1,119,216</b>          | <b>1,108,518</b>             | <b>104,311</b>            | <b>104,311</b>               |
| <b>Total assets</b>   | <b>1,910,434</b>          | <b>1,963,779</b>             | <b>944,182</b>            | <b>1,530,610</b>             |
| <b>Liabilities and shareholders' equity</b>   |                           |                              |                           |                              |
| <b>Current liabilities</b>  |                           |                              |                           |                              |
| Accounts payable  | 5,030                     | 430                          | 19,750                    | 0                            |
| Accrued interest payable  | 5,162                     | 2,170                        | 0                         | 0                            |
| Accrued compensation and payroll taxes  | 15,327                    | 5,254                        | 0                         | 0                            |
| Dividends payable   | 33,479                    | 28,493                       | 13,425                    | 16,986                       |
| Credit facilities (see note 4.16)   | 614,663                   | 610,566                      | 564,866                   | 528,358                      |
| Current portion of long-term debt   | 0                         | 0                            | 0                         | 0                            |
| Short-term debt   | 100,000                   | 100,000                      | 0                         | 0                            |
| Current deferred income tax   | 0                         | 0                            | 0                         | 0                            |
| Other current liabilities   | 0                         | 0                            | 0                         | 0                            |
| <b>Total current liabilities</b>  | <b>773,661</b>            | <b>746,913</b>               | <b>598,041</b>            | <b>545,344</b>               |
| <b>Long-term liabilities</b>  |                           |                              |                           |                              |
| Notes payable   | 2,044,605                 | 2,114,605                    | 2,253,480                 | 2,256,280                    |
| Long term notes payable (see note 4.15)   | 980,000                   | 980,000                      | 0                         | 0                            |
| <b>Total long-term liabilities</b>  | <b>3,024,605</b>          | <b>3,094,605</b>             | <b>2,253,480</b>          | <b>2,256,280</b>             |
| <b>Total liabilities</b>  | <b>3,798,266</b>          | <b>3,841,518</b>             | <b>2,851,521</b>          | <b>2,801,624</b>             |
| <b>Stockholders' equity</b>   |                           |                              |                           |                              |
| <b>Preferred stock</b>  |                           |                              |                           |                              |
| Series A, \$0.001 par value, 100 authorized, 100 issued and outstanding as of March 31, 2012                                    | 0.1                       | 0.1                          | 0.1                       | 0                            |
| Series B, \$0.001 par value, 20,000,000 authorized, 500,000 issued and outstanding as of March 31, 2011                         | 500                       | 500                          | 500                       | 1,000                        |
| <b>Common stock, \$0.001 par value, 500,000,000 shares authorized, 116,037,258 issued and outstanding, as of March 31, 2012</b> |                           |                              |                           |                              |
|   | 116,037                   | 96,037                       | 77,687                    | 70,987                       |
| Additional paid-in capital (see note 4.9)   | 2,956,553.47              | 2,906,553.47                 | 2,766,028.46              | 3,265,528                    |
| Retained Earnings   | (4,880,830)               | (4,608,530)                  | (4,608,530)               | (4,500,777)                  |
| Net Income (Loss)   | (75,106)                  | (247,698)                    | (133,491)                 | (107,753)                    |
| Dividends   | (4,986)                   | (24,603)                     | (9,534)                   | 0                            |
| <b>Total stockholders' equity</b>   | <b>(1,887,831)</b>        | <b>(1,877,739)</b>           | <b>(1,907,339)</b>        | <b>(1,271,014)</b>           |
| <b>Total liabilities and stockholders' equity</b>   | <b>1,910,434</b>          | <b>1,963,779</b>             | <b>944,182</b>            | <b>1,530,610</b>             |

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

**Capital Financial Global, Inc.**  
**Consolidated Statement of Cash Flows**  
**(Unaudited)**

|   | Three Months<br>Ended March 31<br>2012 | Twelve Months<br>Ended December 31<br>2011 | Three Months<br>Ended March 31<br>2011 | Twelve Months<br>December 31<br>2010 |
|---|--|--|--|--------------------------------------|
| <b>Cash flows from operating activities</b>                             |  |  |  |                                      |
| Net Income (loss) in period   | (75,106)                               | (247,698)                                  | (133,491)                              | (107,753)                            |
| Adjustments to reconcile net loss to cash used by operating activities: |  |  |  |                                      |
| Depreciation, depletion, amortization and accretion                     | 2,951                                  | 9,548                                      | 0                                      | 5,689                                |
| Changes in operating assets and liabilities:                            |  |  |  |                                      |
| Accounts receivable   | 0                                      | 7,799                                      | 7,799                                  | (7,799)                              |
| Accounts payable  | 4,600                                  | 430  | 19,750                                 | 0                                    |
| Loans and securities held for sale (see note 4.12)                      | 0                                      | 500,000                                    | 500,000                                | (500,000)                            |
| Allowance to value at market  | (13,796)                               | (64,030)                                   | 1,308                                  | 60,884                               |
| Credit facilities   | 4,097                                  | 82,208                                     | 36,509                                 | 528,358                              |
| Accrued interest income   | 1,456                                  | (4,917)                                    | (1,617)                                | (6,731)                              |
| Prepaid expenses and other current assets                               | 15,000                                 | (15,000)                                   | (15,000)                               | 0                                    |
| Accrued expenses payable  | 4,986                                  | 11,507                                     | (3,562)                                | 16,986                               |
| Accrued interest payable  | 2,992                                  | 2,170                                      | 0                                      | 0                                    |
| Accrued payroll liability   | (4,927)                                | 5,254                                      | 0                                      | 0                                    |
| Deferred tax assets and liabilities                                     | 0                                      | 0  | 0                                      | 0                                    |
| Net cash provided (used) by operation activities                        | <u>(57,748)</u>                        | <u>287,271</u>                             | <u>411,696</u>                         | <u>(10,366)</u>                      |
| <b>Cash flows from investing activities</b>                             |  |  |  |                                      |
| Equipment   | (13,648)                               | (13,755)                                   | 0                                      | (8,000)                              |
| Property (see note 4.15)  | 0                                      | (1,000,000)                                | 0                                      | 0                                    |
| Goodwill  | 0                                      | 0  | 0                                      | (92,000)                             |
| Derivative securities (see note 4.9 & 4.17)                             | 0                                      | 0  | 0                                      | (10,000)                             |
| Net cash provided (used) for investing activities                       | <u>(13,648)</u>                        | <u>(1,013,755)</u>                         | <u>0</u>                               | <u>(110,000)</u>                     |
| <b>Cash flows from financing activities</b>                             |  |  |  |                                      |
| Proceeds from new debt (see note 4.15)                                  | 0                                      | 1,080,000                                  | 0                                      | 0                                    |
| Repayment of debt   | (70,000)                               | (141,675)                                  | (2,800)                                | (210,000)                            |
| Common stock  | 20,000                                 | 25,050                                     | 6,700                                  | 62,656                               |
| Additional paid-in capital, common                                      | 50,000                                 | 140,525                                    | 0                                      | 277,000                              |
| Preferred stock   | 0                                      | (500)                                      | (500)                                  | 1,000                                |
| Additional paid-in capital, preferred (see note 4.13)                   | 0                                      | (499,500)                                  | (499,500)                              | 999,000                              |
| Opening balance equity adjustment                                       | 0                                      | 0  | 0                                      | (36,637)                             |
| Changes in retained earnings  |  |  |  |                                      |
| Dividends paid, preferred   | (4,986)                                | (24,603)                                   | (9,534)                                | 0                                    |
| Dividends paid, common  | 0                                      | 0  | 0                                      | 0                                    |
| Gain on settlement of debt at a discount                                | 0                                      | 0  | 0                                      | 0                                    |
| Net cash provided by financing activities                               | <u>(4,986)</u>                         | <u>579,297</u>                             | <u>(505,634)</u>                       | <u>1,093,019</u>                     |
| Net increase (decrease) in cash and cash equivalents                    | <u>(76,382)</u>                        | <u>(147,187)</u>                           | <u>(93,939)</u>                        | <u>972,653</u>                       |
| Cash and cash equivalents, beginning of period                          | <u>825,467</u>                         | <u>972,653</u>                             | <u>972,653</u>                         | <u>0</u>                             |
| <b>Cash and cash equivalents, end of period</b>                         | <b><u>749,085</u></b>                  | <b><u>825,467</u></b>                      | <b><u>878,715</u></b>                  | <b><u>972,653</u></b>                |

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

**Capital Financial Global, Inc.**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**(Unaudited)**

|   | Three Months<br>Ended March 31<br>2012 | Twelve Months<br>Ended December 31<br>2011 | Three Months<br>Ended March 31<br>2011 | Twelve Months<br>Ended December<br>2010 |
|---|--|--|--|---|
| <b>Preferred stock Series A</b>   |  |  |  |   |
| Balance, beginning of quarter   | \$ 0.10                                | \$ 0.10                                    | \$ 0.10                                | \$ -                                    |
| Issued (100 shares, par value .001)                                     | -                                      | -  | -                                      | 0.10                                    |
| Repurchased   | -                                      | -  | -                                      | -                                       |
| Balance, end of quarter   | 0.10                                   | 0.10                                       | 0.10                                   | 0.10                                    |
| <b>Preferred stock Series B</b>   |  |  |  |   |
| Balance, beginning of quarter   | \$ 500                                 | \$ 500                                     | \$ 1,000                               | \$ -                                    |
| Issued  | -                                      | -  | -                                      | 1,000                                   |
| Repurchased (500,000 in Q1 2012 at .001 par and subsequently cancelled) | -                                      | -  | (500)                                  | -                                       |
| Balance, end of quarter   | 500                                    | 500  | 500                                    | 1,000                                   |
| <b>Common stock</b>   |  |  |  |   |
| Balance, beginning of quarter   | 96,037                                 | 85,537                                     | 70,987                                 | 25,771                                  |
| Issued in this period (20,000,000 shares, par value \$0.001)            | 20,000                                 | 10,500                                     | 6,700                                  | 45,216                                  |
| Repurchased   | -                                      | -  | -                                      | -                                       |
| Balance, end of quarter   | 116,037                                | 96,037                                     | 77,687                                 | 70,987                                  |
| <b>Additional paid-in capital</b>                                       |  |  |  |   |
| Series A preferred:   |  |  |  |   |
| Balance, beginning of quarter   | -                                      | -  | -                                      | -                                       |
| Issuance of stock   | -                                      | -  | -                                      | -                                       |
| Repurchased   | -                                      | -  | -                                      | -                                       |
| Balance, end of quarter   | -                                      | -  | -                                      | -                                       |
| Series B preferred:   |  |  |  |   |
| Balance, beginning of quarter   | 499,500                                | 499,500                                    | 999,000                                | -                                       |
| Issuance of stock   | -                                      | -  | -                                      | 999,000                                 |
| Repurchased   | -                                      | -  | (499,500)                              | -                                       |
| Balance, end of quarter   | 499,500                                | 499,500                                    | 499,500                                | 999,000                                 |
| Common stock:   |  |  |  |   |
| Balance, beginning of quarter   | 2,407,053                              | 2,317,553                                  | 2,266,528                              | 1,989,528                               |
| Issuance of stock   | 50,000                                 | 89,500                                     | -                                      | 277,000                                 |
| Repurchased   | -                                      | -  | -                                      | -                                       |
| Balance, end of quarter   | 2,457,053                              | 2,407,053                                  | 2,266,528                              | 2,266,528                               |
| Total additional paid-in capital  | 2,956,553                              | 2,906,553                                  | 2,766,028                              | 3,265,528                               |
| <b>Retained earnings</b>  |  |  |  |   |
| Balance, beginning of year  | (4,880,830)                            | (4,608,530)                                | (4,608,530)                            | (4,500,777.02)                          |
| Net earnings YTD  | (75,105.54)                            | (247,697.62)                               | (133,491)                              | (107,753)                               |
| Dividends on preferred stock YTD  | (4,986)                                | (24,603)                                   | (9,534)                                | -                                       |
| Dividends on common stock YTD   | -                                      | -  | -                                      | -                                       |
| Balance, end of period  | (4,960,922)                            | (4,880,830)                                | (4,751,555)                            | (4,608,530)                             |
| <b>Stock held in treasury</b>   |  |  |  |   |
| Balance, beginning of year  | -                                      | -  | -                                      | -                                       |
| Repurchased   | -                                      | -  | -                                      | -                                       |
| Reissued  | -                                      | -  | -                                      | -                                       |
| Balance, end of period  | -                                      | -  | -                                      | -                                       |
| <b>Total shareholders' equity</b>                                       | <u>(1,887,831)</u>                     | <u>(1,877,739)</u>                         | <u>(1,907,339)</u>                     | <u>(1,271,014)</u>                      |

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