VYDROTECH, INC.
(Formerly Ronn Motor Company)

(A Development Stage Company)

UNAUDITED BALANCE SHEETS

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 41,806	$ 65,916
Accounts receivable	15,602	15,602
Inventory (Note 2)	115,751	78,520
Prepaid expenses and other	42,041	8,050
Total current assets	215,200	168,088
Property, plant and equipment, net of depreciation of $544,009 and $492,787 at 31, 2012 and December 31, 2011, (Note 2)	571,572	574,287
Intangible assets (Note 2)	304,227	304,227
Other assets	4,174	-
Total assets	$ 1,095,173	$ 1,046,602
LIABILITIES AND SHAREHOLDERS'		
Current liabilities:		
Accounts payable, including amounts due related parties of $2,150 and $5,570 at March 31, 2012 and December 31, 2100,	$ 117,520	$ 108,760
Current portion of notes payable and long-term debt	89,550	19,663
Subscriptions payable	335,230	298,230
Accrued liabilities	29,602	11,415
Deferred income (Note 2)	192,990	25,980
Total current liabilities	764,892	464,048
Long-term notes payable, net of current portion	250,000	250,000
Total liabilities	1,014,892	714,048
Commitments and contingencies:		
Shareholders' equity (deficit):		
Common stock, no par value per share, 700,000,000 shares authorized, 323,843,672 and 323,843,672 shares issued and outstanding at March 31, 2012 and December 31, 2010, respectively	323,844	323,844
Treasury stock	1,052	1,052
Additional paid in capital	70,097,506	70,097,506
Loss accumulated during the development	(70,342,121)	(70,089,848)
Total shareholders' equity	80,281	332,554
Total liabilities and shareholders' equity	$ 1,095,173	$ 1,046,602

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

VYDROTECH, INC.
(Formerly Ronn Motor Company)

(A Development Stage Company)

UNAUDITED STATEMENT OF OPERATIONS

	For the three months Ended	
	March 31, 2012	**December 31, 2011**
Revenues:		
Fuel systems revenue (Note 2)	$ 139,000	$ 40,102
Costs of goods sold	(43,609)	(27,697)
Gross profit	95,391	12,405
Operating expenses:		
Selling, general, and administrative	$ 290,471	$ 1,084,492
Depreciation and amortization	51,222	49,347
Total operating expenses	341,693	1,133,839
Loss from operations during the development stage	(246,302)	(1,121,434)
Other income and (expense):		
Interest expense	(5,972)	(4,872)
Gain (loss) on stock conversion	-	100,000
Other expenses	-	-
Total other income and (expense), net	(5,972)	95,128
Net loss attributable to common stock	$ (252,274)	$ (1,026,306)
Net loss per share	$ -0-	$ -0-
Weighted average shares outstanding	323,843,672	343,843,672

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

1. ORGANIZATION AND NATURE OF BUSINESS

Vydrotech, Inc., formerly Ronn Motor Company and a Delaware corporation, ("VYDR" or the "Company") is an alternative energy design and manufacturing company, engaging in the design, development, and delivery of green, eco-friendly alternative energy/power. The Company intends to deliver eco-friendly technologies, such as green energy systems, green transportation systems, and green products. Its green systems product line includes VYTECH OTR Real-Time Hydrogen Injection system that provides an aftermarket solution for improving gas/diesel fuel economy while reducing noxious hydrocarbon emissions to over-the-road fleet trucks and RVs, as well as aircraft and boats.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

In June 2010, the Financial Accounting Standards Board issued the FASB Accounting Standard Codification ™ (the "Codification" or "ASC"). The Codification becomes the single source of authoritative nongovernmental accounting standards generally accepted in the United States of America ("GAAP"), superseding existing authoritative literature. The codification establishes one level of authoritative GAAP. All other literature is considered non-authoritative. This Statement was effective beginning with our consolidated financial statements issued for the year ended December 31, 2010. As a result, references to authoritative accounting literature in our consolidated financial statement disclosures are referenced in accordance with the Codification.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our significant estimates primarily relate to the assessment of warrants and debt and equity transactions and the estimated lives and methods used in determining depreciation of fixed assets. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments having maturities of three months or less at the date of purchase.

Inventory

Inventories, consisting of parts and materials, are valued at cost based on the weighted average method.

Property, Plant and Equipment, Net

Property and equipment is recorded at original cost. Assets acquired in connection with business combinations are recorded at the assets' fair value. Repairs and maintenance are charged to expenses as incurred. Depreciation is computed using the straight-line method based on the estimated useful lives of assets. This method is applied to group asset accounts, which in general have the following lives: buildings and leasehold improvements – 15 years; machinery and equipment– 5 to 7 years; furniture, fixtures and software – 5 years; and computer hardware – 3 years. When we retire or dispose of property, plant or equipment, we remove the related cost and accumulated depreciation from our accounts and reflect any resulting gain or loss in our consolidated statements of operations.

The recoverability of our long-lived assets and certain identifiable intangibles are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Such evaluations for impairment are significantly impacted by estimates of future prices, capital needs, economic trends in the applicable construction sector and other factors. If such assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of the assets exceed their fair value. Assets to be disposed of by sale are reflected at the lower of their carrying amounts, or fair values, less cost to sell.

Intangible Assets

The Company incurred costs associated with the development of its prototype mid-engine sports car, the Scorpion, and has capitalized these costs as intellectual property. The recoverability of these costs is evaluated in our impairment analysis.

Revenue Recognition

Revenues on sales of our manufactured products (fuel systems revenue) are not recognized until units are shipped. Prepayments are recorded as deferred revenue and are reclassified to revenue when the product is shipped. At March 31, 2012 and December 31, 2011, respectively, we had $192,990 and $25,980 in deferred revenue.

Stock Compensation

The Company issues its own common stock to pay for services rendered to the Company. We recorded -0- and $628, 000 in stock compensation expenses for the three month periods ended March 31, 2012 and December 31, 2011, respectively. Such amounts are included in selling , general and administrative expenses.

During the fourth quarter of 2011, the Company issued 5,000,000 shares of its common stock fr settlement of a previous debt obligation. We recorded $200,000 of expense associated with this issuance. Such amount is included in selling, general and administrative expenses.

3. GOING CONCERN CONSIDERATIONS

As we've shown in the past, VYDR has incurred significant losses from operations since inception, and has historically operated with limited financial resources and had a significant deficit in working capital entering the year. As of March 31, 2012 the Company has made significant progress in securing new product sales and raising new capital, however, there remain doubts regarding VYDR's ability to continue as a going concern. VYDR's consolidated financial statements for the year ended March 31, 2012 have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company currently has an accumulated deficit of $70,342,121 through March 31, 2012 and incurred $252,274 in losses from operations for the three months ended March 31, 2012. VYDR's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital and, ultimately, achieve profitable operations. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

4. SUBSEQUENT EVENTS

On April 2, 2012, the Company announced a one-for-seven reverse stock split, its name change to Vydrotech, Inc. and a change in its ticker symbol to VYDR.