

ACTION PRODUCTS INTERNATIONAL, INC.

Initial Company Information and Disclosure Statement

(Unaudited)

FEBRUARY 28, 2012

Part A **General Company Information**

Item 1 **Exact name of the issuer:**

Action Products International, Inc. There have been no other names used by the company within the past five years.

Item 2 **Address of the principal executive offices:**

3001 W Hallandale Beach Blvd., Suite 313
Pembroke Park, FL 33009
Phone: (866) 793-1110
Fax: (954) 206-0487

Persons responsible for investor relations:

Gary Polistena
Phone: (866) 793-1110
info.apii@yahoo.com
419 Lafayette Street, Second Floor
New York, NY 10003

Item 3 **Jurisdiction and date of incorporation:**

The company was originally formed in 1977 in New York but relocated to Central Florida and was incorporated in the State of Florida on May 1, 1981

Part B **Share Structure**

Common stock
CUSIP: 004920 10 4

Trading Symbol: APII.PK
Series A Preferred Stock
No CUSIP and no trading symbol

Item 5 **Par value and description of the security:**

- A. Par Value of Common Shares: \$0.001
Par Value of Series A Preferred Shares: \$0.001

- B. Common or Preferred Stock

- 1. **For common equity, describe any dividend, voting and preemption rights.**

Common shareowners are entitled to one vote for each share owned. No dividends have been declared. Owners of common stock have no preemptive rights.

2. Owners of Series A preferred stock do not have the right to vote on matters that come before the shareholders. Each share of Series A Preferred stock is convertible into 1.05 shares of common stock. No dividends have been declared on the Series A Preferred stock.

3. **Describe any other material rights of stockholders.**

None

4. **Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.**

None

Item 6

The number of shares or total amount of the securities outstanding for each class of securities authorized.

Provide information for each class of securities authorized. Provide the information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

For the Year Ending December 31, 2010

	Number of Shares Authorized	Number of Shares Outstanding	Public Float	Total Number of Shareholders	Total Number of Beneficial Shareholders
Common Stock	25,000,000	9,130,756	4,022,370	978	5
Preferred Stock	10,000,000	175,000	-	1	
Treasury Stock	-	141,224	n/a		

For the Year Ending December 31, 2011

	Number of Shares Authorized	Number of Shares Outstanding	Public Float	Total Number of Shareholders	Total Number of Beneficial Shareholders
Common Stock	150,000,000	22,629,312	9,066,558	1019	1

Preferred Stock	50,000,000	175,000	-	1
Treasury Stock	-	141,244	n/a	

Item 7 **The name and address of the transfer agent.**

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016

Telephone: (908) 497-2300

Registrar and Transfer Company is registered under the Exchange Act and the regulatory authority of the transfer agent is the SEC.

Part C Business Information

Item 8 **Nature of Business**

A. Business Overview

Action Products International, Inc. is a parent company of small-to-mid-sized businesses that bring unique products and/or services to the marketplace. Originally incorporated in New York in 1977, the company relocated its operations and state of incorporation to Florida in 1980 and went public on the NASDAQ stock market in 1984. The company began as a distributor of education-oriented toys, children’s books, stationery and souvenirs, supplying to museum gift shops exclusively.

In 1997, the company shifted focus from being a distributor of other manufacturers’ toys, gifts, souvenirs, promotional premiums and published products towards the development, establishment and distribution of our own proprietary brands and products. In 2001, the company shifted to a manufacturer model and licensed products to other entities as a principal source of income. Historically, the principal source of revenues had been the sale of products to retailers.

In 2008, the company began restructuring and in 2009 filed a Form 15 with the SEC to be delisted from the NASDAQ and exited the toy business.

During the second quarter in 2010, the company temporarily relocated the corporate offices to New York and began its transition into becoming a holding company involved in the management of wholly owned subsidiaries with a focus on Logistics & Transportation, technology, and the semiconductor Quality & Testing markets. In February 2012, the Company moved its corporate offices to Pembroke Park, Florida.

Logistics & Transportation: With industrial production increasing year-over-year, the shortage of qualified drivers and trusted shipping partners is apparent in mid-markets for local deliveries. As the economy improves, orders for delivery and logistics increase. We provide foundational shipping and coordination services between suppliers and destination businesses and warehouses, and will operate efficiently through cloud based tracking and E-logistics.

Quality and Reliability: The high-tech industry continues to grow at an exponential rate, consumer and high-tech parts continue to shrink in size and production increases in complexity. With complex production comes the need to aggressively test components to ensure long-life and low failure percentages. In addition, quality reductions due to damaged equipment from natural disasters and disaster forced shut-down of manufacturing facilities has opened up a market for a significant uptick in demand in this space.

The Company is in the process of completing the acquisition of Core Wafer Systems, Inc., which is expected to close during the second quarter of 2012. Core Wafer Systems, Inc. creates proprietary software, software algorithms, and hardware that are used for testing and data mining of the most commonly used computer hard drives, memory, and magnetics, as well as other advanced magnetic, semiconductor and nanotechnology-based device components. Core Wafer's proprietary technology is capable of performing in-parallel measurements, allowing customers to test components many times faster than a non-parallel process. Use of Core Wafer's proprietary technology ensures that hard drives and other components produced by leading semiconductor manufacturers leave the factory in a working state after having been tested and proven. Core Wafer's technology helps ensure that products are manufactured within specifications and won't suddenly fail for the end consumer.

As of December 28, 2012, the Company completed the acquisition of Northeast Expedite Logistics LLC (NEEL). The effective date of the acquisition for accounting purposes is February 15, 2011; as such, NEEL's results for fiscal 2011 are included in the Company's Consolidated Financial Statements for the years ended December 31, 2011 and 2010.

1. **The form of organization of the issuer.**

Action Products International, Inc. is a Florida for-profit corporation

2. **The year that the issuer was organized.**

1981

3. **The issuer's fiscal year end date.**

December 31

4. **Whether the issuer has been in bankruptcy, receivership or any similar proceeding.**

The Company has never been involved in a bankruptcy, receivership or other similar proceeding.

5. **Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets.**

On February 15, 2011, the company began its acquisition of North East Expedite Logistics LLC., a Delaware limited liability company. The acquisition was completed on December 28, 2011.

On September 7, 2011, the Company entered into a letter of intent to acquire Local Printing Associates, LLC, a Nevada corporation. Written termination of the letter of intent was received on November 1, 2011.

On October 21, 2011, the Company entered into a letter of intent to acquire VizzEco Inc., a Canadian company. Written notice of termination of the letter of intent was received on January 31, 2012.

On December 17, 2011, the Company commenced the acquisition of Core Wafer Systems, Inc., a Nevada corporation (“CWS” or “Core Wafer”). We expect this acquisition to be completed during the second quarter in 2012.

6. **Any default of the terms of any note, loan, lease or other indebtedness or financing arrangement requiring the issuer to make payments.**

None.

7. **Any change of control.**

Change of control of the Company has happened four times over the course of the Company. The original founders and family of Mr. Ron Kaplan retained control of the Company until May 2010. In June 2010, the Company elected a new interim CEO and in November 2010, Mr. Gary Polistena was hired as CEO to assume management and control over the operations of the Company. Following the resignation of all former board members, Mr. Polistena was elected as the Company’s sole director in November 2010. On December 26, 2011, the following four individuals were appointed as additional directors to the board for a one year term: Yong-Hun Kim, Martin Jensen, Greg Miller and Aziz Ahmad. Mr. Polistena continues as a director and is currently Chairman of the Board.

8. **Any increase of 10% or more of the same class of outstanding equity securities.**

The following issuances as an aggregate resulted in an increase in excess of 10% of the outstanding common shares of the Company:

Sales of common shares. During the year ended December 31, 2011, the Company received \$258,286 from the sale of 2,066,611 shares of common stock. The Company did not pay sales commissions for these sales. In July 2011, the Company issued 650,000 shares of common stock valued at \$39,000 as compensation to a financial advisor for services rendered in connection with the sale of the Company’s common stock. The shares were valued at the closing bid price for the Company’s common stock on July 5, 2011, the date of issuance of the shares sold to the financial advisor per agreement. This amount was recorded as an offset to additional paid-in capital.

Common stock issued for services to directors and independent consultants. The Company issued an aggregate of 4.6 million restricted shares of common stock to four board members and an independent consultant during 2011. The fair value of equity instruments exchanged for services rendered was taken at the date of issuance. The shares were valued at \$278,000 based on the respective dates of issue and recorded as operating, sales and administrative expenses in the Consolidated Statement of Operations for the year ended December 31, 2011. Subsequent to December 31, 2011, the company issued 2,066,900 shares of restricted common stock for consulting and other services rendered.

Financing Operations. On January 2, 2012, the Company sold 357,000 shares of common stock through a private placement at a price of \$0.056 per share for a total of \$20,000 to support ongoing company operations. On January 5, 2012, the Company sold 150,000 shares of common stock through a private placement at a price of \$0.07 per share, for a total of \$10,500 to support ongoing operations. On January 24, 2012, the Company sold 1,000,000 shares of common stock through a private placement at a price of \$0.05 per share, for a total of \$50,000 to support ongoing operations. On February 8, 2012, the Company sold 300,000 shares of common stock through a private placement

at a price of \$0.066 per share, for a total of \$20,000 to support ongoing operations. On February 9, 2012, the Company sold 55,000 shares of common stock through a private placement at a price of \$0.11 per share, for a total of \$5,000 to support ongoing operations. On February 10, 2012, the Company sold 62,500 shares of common stock through a private placement at a price of \$0.08 per share, for a total of \$5,000 to support ongoing operations. On February 12, 2012, the Company sold 90,000 shares of common stock through a private placement at a price of \$0.088 per share, for a total of \$8,000 to support ongoing operations.

9. **Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization**

On December 28, 2011, the Company approved an increase in the number of authorized shares from 35,000,000 shares to 200,000,000 shares; this was filed with the Florida Department of State on January 3, 2012 and amended on February 21, 2012.

On November 11, 2011, the Company paid a share dividend on its outstanding common stock, pursuant to which each common stock holder received .05 shares of common stock for each share they owned, totaling 842,595 shares of common stock.

10. **Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board**

On April 27, 2009, the Company (trading under the ticker symbol (APII)) was delisted from the NASDAQ due to its filing of a Form 15 with the Securities and Exchange Commission.

11. **Any legal proceedings that could have a material effect on the issuer's business**

The Company is engaged in various legal proceedings incidental to its normal business activities, none of which, individually or in the aggregate, are deemed by management to be a material risk to the company's financial condition. The Company has recorded a contingent liability for the value of the claims and judgments which are believed to be without merit and intends to defend vigorously against each of them.

During 2009, Ronald Kaplan, a former officer and employee of the Company, filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages exclusive of attorneys' fees and costs, for unpaid wages and personal expenses aggregating \$75,479.63. On November 9, 2009 the court granted a default judgment on behalf of Ronald Kaplan. The Company believes this claim is without merit and intends to defend vigorously against it.

On September 28, 2009, Baker, Govern & Baker PA filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages, exclusive of attorneys' fees and costs, for breach of contract aggregating \$28,562.70. On September 17, 2010 the court granted a default judgment on behalf of Baker, Govern & Baker PA. The Company believes this claim is without merit and intends to defend vigorously against it.

In April 2009, we received a demand letter from our former CFO, Robert Burrows, alleging cash and stock compensation due in the amount of approximately \$250,000. On July 27, 2010, the court granted a default judgment in the amount of \$431,530.39 on behalf of Robert Burrows. The Company believes this claim is without merit and intends to defend vigorously against it.

On December 11, 2008, the Company entered into a Settlement Agreement with Magsamen Consulting, LLC a consultant of the Company. Upon execution of the

Settlement Agreement the Development Agreement terminated. Pursuant to the Settlement Agreement, the Company agreed to pay \$100,000 to Magsamen and, upon full payment, the Company and Magsamen would execute general releases. All amounts owed under the Settlement Agreement have been recorded as liabilities and charged to expense as of December 31, 2008. In a bench trial on April, 19, 2010, a judgment was ordered in the Circuit Court for Baltimore County in and for the State of Maryland against the Company for non-payment of the settlement amount and certain expenses as provided for in the Settlement Agreement of December 11, 2008 in the amount of \$194,903.31 over a term of two years. The Company retained legal counsel to resolve the matter and on November 30, 2011 executed and delivered an Installment Promissory Note and Confession of Judgment (the "Note") to Magsamen. As of the date hereof, the Company is current with the required payments under the terms of the Note.

In June 2008, Debra Rutledge, Eric Rutledge & Jeanne Moore v. Action Products International, Inc., Action Toys, Inc., Action Healthcare Products, Inc., Curiosity Kits, Inc., Warren Kaplan and Judith Kaplan, Case No. 6:09-cv-1245-Orl-35GJK in the United States Middle District Court, District of Florida, Orlando Division. This is a default judgment in the amount of approximately \$30,000. Plaintiffs allege a breach by the Company of an oral contract and claim damages for failure to pay minimum wages, breach of contract, back pay with benefits and penalties for COBRA and ARRA violations. On June 28, 2008, the Company obtained legal counsel and filed its answer to the complaint; however, counsel for the Company was later allowed to withdraw and a default judgment was entered on October 7, 2010. In 2011, under the direction of the Company's CEO, the Company retained legal counsel to defend the Company against the claim and to have the judgment vacated. On November 17, 2011 the Company presented an offer of settlement to the Plaintiffs in the approximate amount of \$30,000 plus attorney's fees. The Company's management is confident that the Plaintiffs will accept the offer.

B. Business of Issuer

1. **The issuer's primary and secondary SIC codes**
551114 – Holding companies that manage
541511 – Software development and sales
484120 – Trucking
2. **If the issuer has never conducted operations, is in the Development stage, or is currently conducting operations**
The Company is currently conducting operations.
3. **Whether the issuer is or has at any time been a "shell company"**
We are not currently a shell company and believe that we have not been a shell company; however, due to possible impairment of our primary non-cash asset (our warehouse, which we have determined has a market value in excess of \$800,000) as a result of wrongful possession and control by prior management following our exit from the toy business, we may be deemed to have been a "shell" pursuant to certain regulatory standards from the time of our completion of exit from the toy business until our completion of the acquisition of Northeast Expedite Logistics in December 2011.

4. **Names of any parent, subsidiary, or affiliate of the issuer and its business purpose, method of operations, its ownership, and whether it is included in the financial statements attached to this disclosure statement.**

The Company has no parent company.

Northeast Logistics Expedite Logistics LLC is a wholly owned subsidiary engaged in the transportation and logistics sector and is included in the Consolidated Financial Statements of the issuer.

The Company is currently in the process of acquiring Core Wafer Systems, a developer and manufacturer of testing equipment and software for hard drives, memory, magnetics and other advanced semiconductor and nanotechnology-based device components. On December 17, 2011, the Company entered into a Letter of Intent to acquire Core Wafer Systems Core Wafer's proprietary software and hardware systems are used in the testing and data mining of today's most commonly used hard drives, memory, magnetics and other advanced semiconductor and nanotechnology-based device components. CWS has not been included in the Company's Consolidated Financial Statements at this time. We expect the acquisition to be completed during the second quarter of 2012.

5. **Effect of existing or probable government regulation on the business.**

None

6. **Estimate of the amount spent during each of the last two fiscal years on research and development activities, and the extent to which the cost of such activities are borne directly by customers.**

None

7. **Costs and effects of compliance with environmental laws (federal, state and local).**

Not applicable

8. **Number of total employees and number of full-time employees.**

The current number of full time Company employees is (8) eight; six of which are currently classified as 1099 employees.

Item 9

A. **The nature of products or services offered.**

1. The issuer, Action Products International, Inc. is a now a parent holding company of wholly-owned subsidiaries with a focus on logistics and transportation, technology and the semiconductor quality & testing markets.
2. Northeast Expedite and Logistics (NEEL) is a provider of local and regional logistics services. The Company's customers include retail and wholesale, electronics and manufacturing companies around the world. With industrial production increasing year-over-year, the shortage of qualified drivers and trusted shipping partners is apparent in mid-markets for local deliveries. As the economy improves, orders for delivery and logistics increase. We provide foundational shipping and coordination services between suppliers and destination businesses and warehouses, and we operate efficiently through cloud based tracking and E-logistics.

3. Core Wafer Systems, Inc. (CWS) builds advanced testing solutions for engineering and manufacturing to verify devices are being made correctly. Reliability tests are used to predict when the device will fail during usage, and Characterization tests are used to verify the manufacturing operation is building the device according to the recipe. CWS has two business units:

a) Traditional Software solutions for the traditional semiconductor manufacturers of computer chips and circuits run either on HP/ Agilent high volume manufacturing testers, mixed-instrumentation, or custom hardware.

b) Magnetic System Testers (MTS) for magnetic devices like disc heads, Magnetic MEM, Magnetic sensors, etc. The systems are integrated CWS software and some CWS propriety hardware.

CWS is the only reliability solution for manufacturers using Agilent testers (Agilent has 95% market share) and has been profitable since 2001.

B. Distribution methods of the products or services

The Company markets its services through a combination of direct sales, telemarketing and trade shows.

C. Status of any publicly announced new products or services

Core Wafer has announced upgrades for their PDQ-WARp and PDQ-WLR product lines in its semiconductor business. These products will be announced at an industry conference in March 2012 and are expected to be available on the first of June, 2012.

D. Sources of availability of raw materials and names of principal suppliers.

No raw materials are used in the manufacturing processes.

E. Dependence on one or a few major customers.

The Company is not dependent on one or a few major Customers.

F. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.

None.

G. Need for any government approval or principal products or services and the status of any requested government approvals.

All transportation assets of NEEL are registered with United States Department of Transportation.

Item 10 The nature and extent of the issuer's facilities.

Describe the assets, properties, or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does

not have complete ownership or control of the property, describe the limitations on the ownership.

Fixed assets are comprised of furniture and fixtures, computer equipment and purchased software and are stated at cost and depreciated using the straight-line method, over the estimated useful lives of the various classes of assets, as follows:

Furniture, fixtures and equipment
Computers and purchased software

Major categories of property and equipment are as follows:

The issuer owns a warehouse building located in Ocala, Florida. Concurrently with the winding down of the company's toy business, previous management took control of the warehouse and the company believes such action was unlawful.

Trucks, trailers and major equipment which are housed at the facilities described below.

If the issuer leases any assets, properties, or facilities, clearly describe them as above and the terms of their leases.

The Company currently leases multiple locations of mixed use space to conduct their operations; it also utilizes, free of charge, additional storage space for its trucks and trailers at a major customer location.

Part D Management Structure and Financial Information

Item 11 The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors

1. Chief Executive Officer and Chairman of the Board:

Gary Polistena
Chief Executive Officer
419 Lafayette Street, Second Floor
New York, NY 10003

Employment History:

Gary Polistena has served as Chief Executive Officer and Chairman since November, 2010. Mr. Polistena was initially trained as a specialist in microwave communication technology in the United States Marine Corps. He was later part of the Marine Corps Readiness & Acceptance Team, which was responsible for overseeing the logistics, testing, maintenance, and quality control of the 2nd Marine Divisions Maritime Pre-Positioning Force equipment. He received an honorable discharge from the USMC 1999. He remained within the telecommunications industry where he oversaw several large scale projects and network launches. In 1999 he joined with start-up Teligent Inc., Where he served the Orlando Market Lead until 2001, responsible for the build-out, design, and implementation of a beta-customer point to multi-point wireless network. From 2001- 2007 he continued in the wireless industry as a consultant to T-Mobile, for the expansion of the New York market. His position was as a Project Design Engineer,

responsible for the design, logistics, management, and quality control of the largest single year market build-out in that company's history. In 2008 he joined metroPCS as a Project Manager and played an integral part in the largest single market launch in wireless history. Mr. Polistena has also owned a restaurant and is the President of GP Consulting.

Board Memberships and other affiliates:

Mr. Polistena does not serve on the Board of any other company.

Compensation by the issuer:

\$120,000 per year

2,000,000 shares of common stock

1,000,000 shares of Preferred stock

Number and class of the issuer's securities beneficially owned by each such person:

As of February 26, 2012, the Company's CEO owned 2,476,070 shares of common stock which represented 9.1 % of common shares outstanding

2. Chief Financial Officer:

Teresa McWilliams
9642 Ridgecrest Court
Davie, FL 33328

Employment History:

Teresa McWilliams has served as Chief Financial Officer since June, 2011. Ms. McWilliams is a formally trained Accountant who spent her early career at Merrill Lynch. She initially served as Accounting and Operations Manager, followed by corporate controller, and then CFO while living in Washington. Upon moving to Florida she remained in the accounting fields and applied her skills as a Sr. Accounting consultant. Over the next ten years, she worked for both private and public clients to prepare and file IPO's, handle completion of mergers and acquisitions, and taking on responsibility for the overall financial strategy of a corporation. Throughout her recent history, she has had the position of Chief Financial Officer for three publicly traded companies, including Next One Interactive, American Scientific Resources, and now Action Products International Inc. In addition to her duties as CFO, Teresa serves as associate pastor and often spends her spare time performing community outreach within her church family.

Board Memberships and other affiliates:

Current Chairman of the Board of Directors of Camp Nebo, Inc.
Former board member of American Scientific Resources, Inc.

Compensation by the issuer:

\$120,000 per year

1,000,000 shares of common stock

500,000 shares of Preferred stock

Number and class of the issuer's securities beneficially owned by each such person:

As of February 26, 2012, the Company's CFO owned 762,500 shares of the issuer's common stock which represented 2.8 % of common shares outstanding.

B. Legal/Disciplinary History

Have any of the foregoing persons, in the past 5 years, been the subject of:

1. **A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding.**
No
2. **The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banding activities.**
No
3. **A finding or judgment which has not been reversed, suspended, or vacated.**
No
4. **The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.**
No

C. Disclosure of Family Relationships

None

D. Disclosure of Related Party Transactions

On March 26, 2010 the Company's wholly owned subsidiary, Northeast Expedite Logistics, LLC (NEEL) entered into a Promissory Note (Note 3) for various cash advances received from A.J Leasing totaling \$114,200 with interest at the rate of 20%. One of the principals of A.J. Leasing is an employee of NEEL and both principals of A.J. Leasing are shareholders of the Company.

E. Disclosure of Conflicts of Interest

Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

None

Item 12 Financial information for the issuer's most recent fiscal period

- 1) Balance Sheet - Appendix A
- 2) Statement of Income – Appendix A
- 3) Statement of Cash Flows – Appendix A
- 4) Statement of changes in stockholders' equity – Appendix A
- 5) Financial Notes – Appendix A
- 6) Audit Letter – unaudited

Item 13 **Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

Same as above.

Item 14 **Beneficial Owners**

Provide a list of the name, address and shareholdings of all persons owning more than 5% of any class of the issuer's equity securities.

Gary Polistena 9.1%
419 Lafayette Street, Second Floor
New York, NY 10003

Item 15 **The name, address, phone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:**

1. Investment Banker
None
2. Promoters
None
3. Counsel
Diane Bodenstein
Law Offices of Diane L. Bodenstein, Esq.
444 East 82nd Street, Ste 4P
New York, NY 10028
Tel: (212) 517-9153
Fax: (646) 558-0309
Email: nysecjd@gmail.com
4. Accountant - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

TO BE DETERMINED
5. Public Relations Consultant
GLX - The Global Listing Exchange
524 Datura Street, Suite 116
West Palm Beach, FL 33401
(310)925-9976
info@glx.co
<http://www.glx.co>

6. Investor Relations Contact
Gary Polistena
419 Lafayette Street, Second Floor
New York, NY 10003
7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the telephone number and email address of each advisor.

None

Item 16 Management's Discussion and Analysis or Plan of Operation

A. Plan of Operation

1. Describe the issuer's plan of operation for the next 12 months

i. Summary of any Product Initiatives

Action Products expects to complete the acquisition of Core Wafer Systems, Inc. and strive to grow the company by acquiring the capital necessary for Core Wafer to complete some major initiatives in the silicon and magnetics testing field. These initiatives will result in an increase in earnings through new products lines and added customers. Over the next 12 months we plan to streamline and automate the operations of North East Logistics, moving away from the traditional terminal and paper system of tracking, to a fully cloud based supply chain technology solution. This will increase productivity while optimizing profits, allowing for continued growth and expansion. Additionally, we will upgrade our existing equipment to meet current DOT standards and acquire additional vehicles to take advantage of additional business from current customers whose demands we presently do not have sufficient equipment to satisfy. We will also continue seek to add additional assets and revenue streams through the acquisition of additional small to mid-size companies within the technology sector that have a synergistic relationship with our existing lines of business.

ii. Discuss how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next 12 months

We are funded into first quarter of 2012, but will require raising additional capital in the next 2-4 months via private placements or other sales of equity and/or debt securities.

iii. Summary of any product research and development that the issuer will perform for the term of the plan

None

iv. Any expected purchase or sale of plant and significant equipment

None

v. Any expected significant changes in the number of employees

As the Company grows and makes additional acquisitions over the next year, the number of employees is expected to grow along with it. We anticipate that we will be at 20 employees by the end of third quarter 2012.

vi. Summary of the Sales and Marketing activities

Sales and marketing is targeted strictly toward our existing customer base for the next several months. Additional sales and marketing is planned for business expansion beginning second quarter 2012.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

Going concern

The Company prepares its financial statements assuming that the Company will continue as a going concern. The Company has operating and liquidity concerns, current liabilities exceeded current assets by \$622,769 at December 31, 2011, has reported a net loss of \$651,326 and used net cash of \$498,609 in operations during 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

The Company's continued existence is dependent upon its ability to successfully execute its business plan. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of liabilities that may result from the outcome of this uncertainty. During 2012 the Company intends to continue to raise financing for the purpose of funding operating expenses.

However, there can be no assurance that the raising of future equity will be successful and that the Company's anticipated financing will be available in the future, at terms satisfactory to the Company. Failure to achieve the equity and financing at satisfactory terms and amounts could have a material adverse effect on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Use of estimates

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

Accounts receivable

Accounts receivable are stated at net realizable value. Management provides for uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical collection information. Balances that are deemed uncollectible after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As such, the Company did not record any allowance for doubtful accounts at December 31, 2011 and 2010. The Company does not require collateral to support customer receivables.

Revenue recognition

The Company recognizes revenues in accordance with the guidance in the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104. Revenue is recognized when persuasive evidence of an arrangement exists, when the selling price is fixed or determinable, when delivery occurs and when collection is probable. The Company recognizes product sales revenue when products are shipped or ownership has transferred and royalties as they are earned.

Year Ended December 31, 2011

For the year ended December 31, 2011, we had revenue of \$712,231 with \$399,315 in cost of goods sold. Expenses for the year ended December 31, 2011 totaled \$964,242 resulting in a net loss of \$651,326.

Operating expenses for the year ended December 31, 2011 of \$964,242 are comprised of consulting fees of \$218,435, accounting and legal fees of \$48,237, salaries and wages of \$300,973, rent of \$62,844, depreciation of \$148,355, and other general and administrative expenses of \$185,398.

Year Ended December 31, 2010

For the year ended December 31, 2010, we had income of \$1,481,421 with a cost of sales of \$1,048,072. Expenses for the year ended December 31, 2010 totaled \$855,475 resulting in a net loss of \$422,126.

Operating expenses for the year ended December 31, 2010 of \$855,475 are comprised of consulting fees of \$180,000, accounting and legal fees of \$0, salaries and wages of \$182,258, rent of \$26,085, depreciation of \$172,039, and other general and administrative expenses of \$295,093.

Capital Resources and Liquidity

As of December 31, 2011, we had cash of \$16,984 as compared to cash of \$34,170 as of December 31, 2010. Net cash used in operating activities totaled \$498,609 and \$713,897 for the years ended December 31, 2011 and 2010, respectively. Net cash provided by financing activities

totaled \$33,333 and \$12,500 for the years ended December 31, 2011 and 2010, respectively which resulted from cash received for common stock purchased through private placement.

In order for us to execute our business plan we will need to raise at least \$5,000,000 in debt or equity or a combination of both debt and equity. The funds are needed for purchasing and or updating transportation vehicles, paying manufacturing costs for additional testing equipment, sales and marketing and working capital. There can be no assurance that we will be able to raise the funds needed to execute our business plan.

If we are unable to satisfy our cash requirements we may be unable to proceed with our plan of operations. We do not anticipate the purchase or sale of any significant equipment. The foregoing represents our best estimate of our cash needs based on current planning and business conditions. In the event we are not successful in reaching our initial revenue targets, additional funds may be required, and we may not be able to proceed with our business plan for the development and marketing of our core services. Should this occur, we will suspend or cease operations.

We anticipate that depending on market conditions and our plan of operations, we may incur operating losses in the foreseeable future. Therefore, management has raised substantial doubt about our ability to continue as a going concern.

C. Off-Balance Sheet Arrangements

None

Part E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years.

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer (1) within the two-year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year.

DATE	SHARES	DESCRIPTION
12/20/10	3,000,000	Issued to Director
01/01/11	800,000	Issued to Consultant for services rendered
01/01/11	500,000	Issued to Consultant for services rendered
05/25/11	400,000	Issued to Consultant for services rendered
05/25/11	100,000	Issued to Consultant for services rendered
06/17/11	1,000,000	Issued to Consultant for services rendered
06/30/11	250,000	Issued to employees as compensation
06/30/11	2,000,000	Issued to Board member for compensation
07/04/11	100,000	Issued to Consultant for services rendered
07/04/11	650,000	Issued to Consultant for services rendered
07/04/11	600,000	Issued to Consultant for services rendered
07/29/11	200,000	Issued to Consultant for services rendered
08/12/11	150,000	Issued to Consultant for services rendered
09/09/11	1,111,111	Issued in Private Placement to finance company operations
10/30/11	250,000	Issued to employees as compensation
11/06/11	150,000	Issued to Consultant for services rendered

11/06/11	100,000	Issued to Consultant for services rendered
12/20/11	250,000	Issued in Private Placement to finance company operations
12/27/11	55,500	Issued in Private Placement to finance company operations
12/27/11	250,000	Issued in Private Placement to finance company operations
12/27/11	400,000	Issued in Private Placement to finance company operations
12/29/11	250,000	Issued to employees as compensation
12/29/11	300,000	Issued to Consultant for services rendered
12/29/11	200,000	Issued to Consultant for services rendered
12/29/11	1,250,000	Issued to acquire NEEL a wholly owned subsidiary
12/30/11	369,350	Issued to Executive/Director in settlement of short term debt
01/04/12	357,000	Issued in Private Placement to finance company operations
01/06/12	150,000	Issued in Private Placement to finance company operations
01/12/12	500,000	Issued in Private Placement to finance company operations
01/25/12	1,000,000	Issued in Private Placement to finance company operations
01/30/12	600,000	Issued to Consultant for services rendered
01/30/12	100,000	Issued to Consultant for services rendered
01/30/12	50,000	Issued to Consultant for services rendered
02/03/12	200,000	Issued to Consultant for services rendered
02/09/12	200,000	Issued to Consultant for services rendered
02/09/12	100,000	Issued to Consultant for services rendered
02/12/12	500,000	Issued to Board member for compensation
02/12/12	50,000	Issued to Board member for compensation
02/12/12	266,900	Issued to Board member for compensation
02/15/12	56,000	Issued in Private Placement to finance company operations
02/15/12	62,500	Issued in Private Placement to finance company operations
02/17/12	300,000	Issued in Private Placement to finance company operations

Part F **Exhibits**

The following exhibits must be either described in or attached to the disclosure statement:

Item 18 **Material Contracts**

The Company has no existing material contracts that will be required of, or performed by it, that are not in the normal course of business.

Item 19 **Articles of Incorporation and Bylaws.**

Attached hereto as Appendix [B] (Articles of Incorporation) and Appendix [C] (Bylaws).

Item 20 **Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

By subscription agreement dated December 24, 2011, Gary Polistena purchased 369,650 shares of common stock in a private placement pursuant to Rule 504 of Regulation D for a purchase price of \$14,786.

Item 21

Issuer's Certifications.

I Gary Polistena, certify that:

1. I have reviewed this annual disclosure statement of Action Products International, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 12, 2012


Chief Executive Officer

I, Teresa McWilliams, certify that:

1. I have reviewed this annual disclosure statement of Action Products International, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: March 12, 2012



Chief Financial Officer

APPENDIX A

ACTION PRODUCTS INTERNATONAL, INC.

FINANCIAL STATEMENTS

For the years ending December 31, 2011 and 2010

ACTION PRODUCTS INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2011 and 2010

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ACTION PRODUCTS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2011 and 2010

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
	(Unaudited)	(Unaudited)
Current Assets		
Cash	\$16,984	\$34,170
Accounts receivable	13,171	-
Prepaid expenses and other current assets	<u>316,712</u>	<u>20,388</u>
Total current assets	346,867	54,558
Other Assets	138,536	20,793
Fixed Assets, net	<u>454,078</u>	<u>564,183</u>
Total assets	<u>\$ 939,481</u>	<u>\$ 639,544</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 196,605	\$ 832,452
Short-term loans and notes payable	14,500	23,831
Total current liabilities	<u>211,105</u>	<u>856,283</u>
Long Term Notes Payable	740,842	565,642
Commitments and Contingencies	<u>547,741</u>	<u>431,000</u>
Total Liabilities	1,526,688	1,852,926
Shareholders' Deficit		
Preferred stock, \$.001 par value; 50,000,000 and 10,000,000 shares authorized at December 31, 2011 and 2010, respectively; 175,000 shares issued and outstanding at December 31, 2011 and 2010, respectively	175	175
Common stock, \$.001 par value; 150,000,000 and 25,000,000 shares authorized at December 31, 2011 and 2010, respectively; 22,629,312 and 9,130,756 issued and outstanding December 31, 2011 and 2010, respectively	22,629	9,131
Treasury stock, \$.001 par value; 141,000 and 241,000 shares authorized at December 31, 2011 and 2010, respectively	(141)	(241)
Additional paid-in-capital	12,323,178	10,818,814
Unearned compensation costs	(49,246)	(49,246)
Stock Dividend	(92,685)	-
Accumulated deficit	<u>(12,791,117)</u>	<u>(11,992,025)</u>
Total shareholders' deficit	<u>(587,207)</u>	<u>(1,213,392)</u>
Total liabilities and shareholders' equity	<u>\$ 939,481</u>	<u>\$ 639,534</u>

See accompanying notes to consolidated financial statements

ACTION PRODUCTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2011 and 2010

	(Unaudited)	
	December 31,	
	2011	2010
Gross Sales	\$712,231	\$1,481,421
Cost of Sales	399,315	1,048,072
Net Sales	312,916	433,349
Operating expenses		
Marketing and advertising	48,400	5,700
General and administrative	915,842	849,775
Total operating expenses	964,242	855,475
Loss from operations	(651,326)	(422,126)
Net Loss	\$ (651,326)	\$ (422,126)

See accompanying notes to consolidated financial statements

ACTION PRODUCTS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

Cash flows from operating activities:		
Net income		(651,326)
Adjustments to reconcile net income (loss)		
to net cash used for operating activities:		
Depreciation		147,245
Amortization		3,000
Cash provided by (used for):		
(Increase) decrease in assets		
Accounts receivable		(13,172)
Prepaid expenses		(296,324)
Other assets		(263,248)
Increase (Decrease) in liabilities		
Accounts payable		(164,025)
Accrued expenses		<u>739,241</u>
Net cash provided by (used in) for operating activities		(498,609)
Cash flows from investing activities:		
Purchase of property and equipment		<u>(42,500)</u>
Net cash provided by (used in) for investing activities:		(42,500)
Cash flows from financing activities:		
Proceeds from issue of common stock		207,500
Increase in Notes Payable		<u>316,424</u>
Net cash provided by (used in) financing activities		523,924
Net increase in cash		(17,185)
Cash,	beginning of year	<u>34,170</u>
Cash,	end of year	<u>\$ 16,985</u>
Non-cash activities		
Share based compensation		\$ 278,000
Acquisition of Northeast Expedite Logistics, LLC		\$ 125,000

See accompanying notes to consolidated financial statements

ACTION PRODUCTS INTERNATIONAL, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2011 and 2010

December 31, 2011	Preferred Stock \$.001 Par Value		Common Stock \$.001 Par Value		Treasury Stock \$.001 Par Value		Unearned Comp Cost	Additional Paid-In Capital	Retained Earnings	Stock Subscriptions Receivable	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance @ December 31, 2010	175,000	\$ 175	9,130,756	\$ 9,131	240,541	\$ (241)	\$ (49,246)	\$ 10,818,814	\$ (11,992,025)	\$ -	\$ (1,213,392)
Issuance of common stock to consultants for compensation			4,950,000	\$ 4,950			\$ -	\$ 407,600			\$ 412,550
Issuance of common stock to officers and directors			3,419,300	\$ 3,419			\$ -	\$ 237,946	\$ -		\$ 241,365
Issuance of common stock in private placement			3,036,661	\$ 3,037			\$ -	\$ 205,433	\$ -	\$ 32,443	\$ 240,913
Issuance of common stock in NEEL acquisition			1,250,000	\$ 1,250			\$ -	\$ 123,750	\$ -		\$ 125,000
Issuance of common stock dividends			842,595	\$ 843				\$ 91,842	\$ -		\$ 92,685
Adjustments to APIC for settlement of accounts payable								\$ 772,968	\$ -		\$ -
Adjustments to APIC for contingent liabilities related to judgments								\$ 312,764	\$ (147,766)		\$ 164,998
									\$ (651,326)		\$ (651,326)
Balance @ December 31, 2011	<u>175,000</u>	<u>\$ 175</u>	<u>22,629,312</u>	<u>22,629</u>	<u>240,541</u>	<u>\$ (241)</u>	<u>\$ (49,246)</u>	<u>\$ 12,971,117</u>	<u>\$ (12,791,117)</u>	<u>\$ 32,443</u>	<u>\$ (587,207)</u>

ACTION PRODUCTS INTERNATIONAL, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2011 and 2010

December 31, 2010	Preferred Stock \$.001 Par Value		Common Stock \$.001 Par Value		Treasury Stock \$.001 Par Value		Unearned	Additional	Retained	Stock	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Comp Cost	Paid-In Capital	Earnings	Subscriptions Receivable	Shareholders' Equity
Balance @ December 31, 2009	175,000	\$ 175	6,130,756	\$ 6,131	240,541	\$ (241)	\$ (49,246)	\$ 10,371,444	\$ (11,798,184)	\$ -	\$ (1,469,921)
Stock Issuance to board member as compensation	-	\$ -	3,000,000	\$ 3,000	-	\$ -	\$ -	\$ -	\$ -		\$ 3,000
Adjustment to APIC for settlement of debt	-				-	\$ -	\$ -	\$ 447,370	\$ (193,841)		\$ 253,529
Net Profit (Loss)	-	\$ -	0	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Balance @ December 31, 2010	175,000	\$ 175	9,130,756	\$ 9,131	240,541	\$ (241)	\$ (49,246)	\$ 10,818,814	\$ (11,992,025)	\$ -	\$ (1,213,392)

ACTION PRODUCTS INTERNATIONAL, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND GOING CONCERN

Organization.

Action Products is now a parent holding company of wholly owned subsidiaries with focus on logistics and transportation, technology, and the semiconductor quality & testing markets.

Originally incorporated in New York in 1977, the company relocated its operations and state of incorporation to Florida in 1980. In 1984 the company went public on the NASDAQ stock market. The company began as a distributor of education-oriented toys, children's books, stationery and souvenirs, supplying to museum gift shops exclusively.

In 1997, the company shifted focus from being a distributor of other manufacturers' toys, gifts, souvenirs, promotional premiums and published products towards the development, establishment and distribution of our own proprietary brands and products. In 2001, the company shifted to a manufacturer model and licensed products to other entities as a principal source of income. Historically, the principal source of revenues had been the sale of products to retailers.

In 2008, the company began restructuring and in 2009 delisted from the NASDAQ and exited the toy business.

In 2010, the company temporarily relocated the corporate office to New York and changed focus. The company focal areas are as follows:

Logistics & Transportation: Northeast Expedite Logistics, LLC ("the Company") is a provider of global logistics services operating which includes a domestic service center and exclusive and non-exclusive agents. The Company's customers include retail and wholesale, electronics, and manufacturing companies around the world. With industrial production increasing year-over-year, the shortage of qualified drivers and trusted shipping partners is apparent in mid-markets for local deliveries. As the economy improves, orders for delivery and logistics increase. We provide foundational shipping and coordination services between suppliers and destination businesses and warehouses, and we operate efficiently through cloud based tracking and E-logistics.

Quality and Reliability: High-Tech industry continues to grow at exponential rate, consumer and high-Tech parts continue to shrink and production increases in complexity. With complex production comes the need to aggressively test

components to ensure long-life and low failure percentage. Quality reduces due to damaged equipment from natural disasters, and disaster forced shut-down of manufacturing facilities has opened up a market for a significant uptick in needs in this space.

The company is currently completing the acquisition of Core Wafer Systems, Inc. We expect this acquisition to close during the second quarter of 2012. Core Wafer Systems, Inc. creates proprietary software, software algorithms, and hardware that are used in the testing and data mining of the most commonly used computer hard drives, memory, and magnetics; as well as other advanced magnetic, semiconductor and nanotechnology-based device components. Core Wafer technology is capable of performing in-parallel measurements allowing customers to test components many times faster than a non-parallel process. Core Wafer ensures these components, created by leading semiconductor manufacturers, leave the factory in a working state after having been tested and proven. Core Wafer helps ensure that products are manufactured within specification and won't suddenly fail for the end consumer.

Going Concern. These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has operating and liquidity concerns, current liabilities exceeded current assets by \$622,769 at December 31, 2011, has reported a net loss of \$651,326 and used net cash of \$498,609 in operations during 2011. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

The Company's continued existence is dependent upon its ability to successfully execute its business plan. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of liabilities that may result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principals of Consolidation. The accompanying consolidated financial statements include the accounts of Action Products International, Inc. All inter-company transactions have been eliminated.

Revenue Recognition. The Company recognizes revenues in accordance with the guidance in the Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") No. 104. Revenue is recognized when persuasive evidence of an arrangement exists, when the selling price is fixed or determinable, when delivery occurs and when collection is probable. The Company recognizes product sales revenue when products are shipped or ownership has transferred and royalties as they are earned.

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

Cash and Cash Equivalents. The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable. Accounts receivable are stated at net realizable value. Management provides for uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical collection information. Balances that are deemed uncollectible after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. As such, the Company did not record any allowance for doubtful accounts at December 31, 2011 and 2010.

Fixed Assets. Fixed assets are comprised of furniture and fixtures, computer equipment and purchased software and are stated at cost and depreciated using the straight-line method, over the estimated useful lives of the various classes of assets, as follows:

Furniture, fixtures and equipment	3 - 10 years
Computers and purchased software	3 - 5 years

Intangible or Long-Lived Assets. The long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. It is reasonably possible that these assets could become impaired as a result of technology or other industry changes. Determination of recoverability of assets to be held and used is calculated by comparing the carrying amount of an asset to future net undiscounted cash flows to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Property and equipment are recorded at cost and are depreciated or amortized on the straight-line method over the shorter of the assets' estimated useful lives or lease terms. Useful lives for major categories of property and equipment are as follows:

Buildings	40 years
Trucks, trailers and major equipment	10 years

Expenditures for maintenance, repairs, and replacements of minor items are charged to earnings as incurred. Major upgrades and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income for the period.

Income Taxes. The Company provides for income taxes in accordance with Statements of Financial Accounting Standards ("SFAS") No. 109 using an asset and liability based approach. Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of temporary differences of revenue and expense items for financial statement and income tax purposes.

SFAS No. 109 requires the Company to recognize income tax benefits for loss carry forwards that have not previously been recorded. The tax benefits recognized must be reduced by a valuation allowance if it is more likely than not that loss carry forwards will expire before the Company is able to realize their benefit, or that future deductibility is uncertain. For financial statement purposes, the deferred tax asset for loss carry forwards has been fully offset by a valuation allowance since it is uncertain whether any future benefit will be realized.

Advertising Costs. Advertising and marketing costs in the amounts of \$48,400 and \$5,700 were expensed as incurred, for the years ending December 31, 2011 and 2010, respectively.

Stock based compensation. The Company has exchanged its common stock for services rendered by employees, directors, consultants and others. The Company accounts for stock and stock options issued to employees and nonemployees for services and other compensation under the provisions of ASC No. 718, *Compensation – Stock Compensation* and ASC No. 505-50, *Equity-Based Payments to Non-Employees*, which establish standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services at fair value. These standards also address transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. For employees, stock awarded is valued based on the closing bid price on the date of grant. For non-employees, stock issued for services is valued at either the invoiced or contracted value of services provided, or to be provided, or the fair value of the stock at the due date per the service agreement, whichever is more readily determinable. Warrants or options issued for services provided, or to be provided, are valued at fair value at the date the agreement to award is reached. Other than a stock option plan, the Company has no established plans for the issuance of shares to employees and non-employees; shares awarded during the years ended 2009 and 2008 have consisted of new shares.

Earnings (Loss) Per Share. Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding during the

periods. Diluted net income (loss) per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year.

Reclassification. Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements.

Fair Value of Financial Instruments. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2011. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include accounts receivable, accounts payable and accrued expenses. Fair values were assumed to approximate carrying values for accounts receivable, accounts payable and accrued expenses because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

Concentration of Credit Risk. Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and trade accounts receivable. The Company places its cash with high credit financial institutions. The Company extends credit to its customers, all on an unsecured basis, after performing certain credit analysis. The Company continually performs credit evaluations of its customers and maintains an allowance for doubtful accounts for potential credit losses.

Recent Accounting Pronouncements. Several new accounting pronouncements were recently issued which may apply to the Company.

In October 2009, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2009–No. 13 “Multiple-Deliverable Revenue Arrangements”, which amends Accounting Standards Codification Topic 605 – “Revenue Recognition”. This update provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. This update establishes a selling price hierarchy for determining the selling price of a deliverable. ASU 2009–No. 13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is required to and plans to adopt the provisions of this update beginning in the first quarter of 2011. The Company has assessed the impact of the adoption of ASU 2009–No. 13 it is not expecting this update will have a material effect on the Company’s results of operations.

Effective July 1, 2009, the Company adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 105-10, *Generally Accepted Accounting Principles — Overall* (“ASC 105-10”). ASC 105-10 establishes the *FASB Accounting Standards Codification* (the “Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by

nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”). Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants.

In May 2009, the FASB issued general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The Company adopted these standards as of and for the year ending December 31, 2009. In February 2010, the FASB amended ASC 855-10, *Subsequent Events* requiring an entity that is an SEC filer to evaluate subsequent events through the date the financial statements are issued. This amended standard is effective for interim or annual periods ending after June 15, 2010.

In April 2009, the FASB issued updated guidance related to business combinations, which is included in the Codification in ASC 805-20, *Business Combinations — Identifiable Assets, Liabilities and Any Non-controlling Interest* (“ASC 805-20”). ASC 805-20 amends and clarifies ASC 805 to address application issues regarding initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. In circumstances where the acquisition date fair value for a contingency cannot be determined during the measurement period and it is concluded that it is probable that an asset or liability exists as of the acquisition date and the amount can be reasonably estimated, a contingency is recognized as of the acquisition date based on the estimated amount. ASC 805-20 is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted this pronouncement in connection with the Disintegrator acquisition.

Effective January 1, 2009, the Company adopted FASB ASC Topic 805, *Business Combinations* (“ASC 805”). ASC 805 establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. ASC 805 also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. ASC 805 also provides guidance for recognizing changes in an acquirer’s existing income tax valuation allowances and tax uncertainty accruals that result from a business combination transaction as adjustments to income tax expense.

Effective October 1, 2006, the Company adopted the provisions of SFAS No. 123(R) (as amended), “Share Based Payment,” using the modified prospective method, which results in the provisions of SFAS No. 123(R) being applied to the consolidated financial statements on a going forward basis. SFAS No. 123(R) revises SFAS No. 123, “Accounting for Stock-Based Compensation,” and supersedes Accounting

Principles Board (“APB”) Opinion 25, “Accounting for Stock Issued to Employees.” SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services at fair value, focusing primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. It also addresses transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments.

Stock-based compensation awarded non-employees is accounted for under the provisions of EITF 96-18, “Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods and Services”.

3. FIXED ASSETS, NET

Fixed assets, net of accumulated depreciation consist of the following at December 31, 2011 and 2010 respectively:

	<u>2011</u>	<u>2010</u>
Land	\$ 67,400	\$ 67,400
Buildings and improvements	<u>1,058,034</u>	<u>1,058,034</u>
Transportation Equipment	<u>384,566</u>	<u>342,066</u>
Furniture, Fixtures, Computer equipment and purchased software	792,372	792,372
Less: accumulated depreciation	<u>(3,647,164)</u>	<u>(3,494,559)</u>
	<u>\$ 454,078</u>	<u>\$ 564,183</u>

Depreciation expense was \$148,355 and \$172,039 during the fiscal years ended December 31, 2011 and 2010, respectively.

4. LIABILITIES

On November 30, 2011 the Company entered into an Installment Promissory Note (Note 1) with Magsamen Consulting, LLC in the principal sum of \$195,000 without interest, as settlement of a default judgment. The initial payment of \$20,000 was also paid on November 30, 2011, with an additional payment of \$25,000 due on or before March 3, 2012 then quarterly payments of \$18,750 thereafter, beginning June 15, 2012.

On February 20, 2011 the Company entered into a Promissory Note (Note 2) as settlement of an old accounts payable amount incurred prior to 2008. The principal amount of Note 2 is \$487,773 with interest at 8% per annum. As of December 31, 2011 the Company had not made any payments.

On March 26, 2010 the Company's wholly owned subsidiary, Northeast Expedite Logistics, LLC (NEEL) entered into a Promissory Note (Note 3) for various cash advances received from a related party totaling \$114,200 with interest at the rate of 20%.

5. INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in its financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company applies the provisions of FASB, Interpretation No. 48, or FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109." FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. When applicable, the Company will include interest and penalties related to uncertain tax positions in income tax expense.

At December 31, 2011, the Company had federal net operating loss carry-forwards totaling approximately \$12,800,000 which expire in various years through 2028.

6. COMMITMENTS AND CONTINGENCIES

Acquisitions. On September 7, 2011, the company issued a letter of intent to acquire Local Printing Associates LLC., a Nevada corporation. Written termination of this letter of intent was received on November 1, 2011.

On August 26, 2011, the company issued a letter of intent to acquire VizzEco Inc., a Canadian company. Written termination of this letter of intent was received on December 31, 2012.

On February 15, 2011, the company began acquisition of North East Expedite Logistics LLC., a Delaware limited liability corporation. The acquisition was completed on December 29, 2011.

On December 17, 2011, the company began acquisition of Core Wafer Systems, Inc. We expect this acquisition to close during the second quarter in 2012.

Employment agreements. Effective January 1, 2011, the Company entered into an employment agreement with our chief executive officer. This agreement continues until another chief executive officer is appointed by a majority of our Board of Directors, either party terminates in accordance with the provisions of the Agreement, or his death or permanent disability. The agreement calls for a minimum salary of \$10,000 per month plus additional cash and stock compensation upon the achievement for various milestones. The Company has not made certain cash payments due under the agreement. As of December 31, 2011, \$100,000 has been accrued as compensation payable. This agreement also called for the issuance of 2,000,000 fully-vested, restricted shares of the Company's common stock and 1,000,000 shares of the Company's Series B Preferred stock upon execution.

As of December 31, 2011, the Series B Preferred shares had not been issued, and the Company has not accrued a liability as obligation to issue shares.

Legal Proceedings. During 2009, Ronald Kaplan, a former officer and employee of the company filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages exclusive of attorneys' fees and costs, for unpaid wages and personal expenses aggregating \$75,479.63. On November 9, 2009 the court granted a default judgment on behalf of Ronald Kaplan. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

On September 28, 2009, Baker, Govern & Baker PA filed a complaint in the Circuit Court for the 9th Judicial Circuit in and for Orange County, Florida against the Company claiming damages, exclusive of attorneys' fees and costs, for breach of contract aggregating \$28,562.70. On September 17, 2010 the court granted a default judgment on behalf of Baker, Govern & Baker PA. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

In April 2009, we received a demand letter from our former CFO, Robert Burrows, alleging cash and stock compensation due in the amount of approximately \$250,000. On July 27, 2010, the court granted a default judgment in the amount of \$431,530.39 on behalf of Robert Burrows. The company believes this claim is without merit and has retained legal counsel to move to have the default judgment vacated.

On December 11, 2008, the Company entered into a Settlement Agreement with Magsamen Consulting, LLC a consultant of the Company. Upon execution of the Settlement Agreement the Development Agreement terminated. Pursuant to the Settlement Agreement, the Company agreed to pay \$100,000 to Magsamen and upon full payment; the Company and Magsamen will executive general releases. All amounts owed under the Settlement Agreement have been recorded as liabilities and charged to expense as of December 31, 2008. In a bench trial on April, 19, 2010, a judgment was ordered in the Circuit Court for Baltimore County in and for the

State of Maryland against the Company for non-payment of the cash payment and certain expenses as provided for in the Settlement Agreement of December 11, 2008 in the amount of \$194,903.31. The Company retained legal counsel to resolve the matter and on November 30, 2011 entered in to an Installment Promissory Note and Confession of Judgment (Note) with Magsamen. As of December 31, 2011 the Company is current with the required payments under the terms of the Note.

In June 2008, Debra Rutledge, Eric Rutledge & Jeanne Moore v. Action Products International, Inc., Action Toys, Inc., Action Healthcare Products, Inc., Curiosity Kits, Inc., Warren Kaplan and Judith Kaplan, Case No. 6:09-cv-1245-Orl-35GJK in the United States Middle District Court, District of Florida, Orlando Division. This is a default judgment in the amount of approximately \$354,607. Plaintiffs allege a breach by the company of an oral contract and claim damages for failure to pay minimum wages, breach of contract, back pay with benefits and penalties for COBRA and ARRA violations. On June 28, 2008, the Company obtained legal counsel and filed its answer to the complaint however counsel for the Company was later allowed to withdraw and a default judgment was entered on October 7, 2010. In 2011 under the direction of the newly hired CEO, Gary Polistena, the Company retained legal counsel to defend the Company against the claim and to have the judgment vacated. On November 17, 2011 the Company presented an offer of settlement to the Plaintiffs in the approximate amount of \$30,000 plus attorney's fees. As of December 31, 2011 the Company is confident that the Plaintiffs will accept the offer.

7. OPERATING LEASES

The Company currently leases mixed use space and has entered into an agreement with a service provider which call for monthly payments. Minimum obligations under this agreement are as follows:

2011	26,185
2012	62,784
2013	62,784
2014	62,784
2015	<u>15,696</u>
Total	230,233

8. EQUITY

Increase in common and preferred shares authorized. In December 2011, the Company increased its common and preferred stock authorized from 25 million and 10 million to 150 million and 50 million, respectively

Sales of common shares. During the year ended December 31, 2011, the Company received \$207,500 from the sale of 2,066,861 shares of common stock. The Company did not pay sales commissions for these sales.

In July 2011, the Company issued 650,000 shares of common stock valued at \$39,000 as compensation to a financial advisor for services rendered in connection with the sale of the Company's common stock. The shares were valued at the closing bid price for the Company's common stock on July 5, 2011, the date of issuance of the shares sold and the incurrence of the liability to the financial advisor per agreement. This amount was recorded as an offset to additional paid in capital.

Common stock issued for services to directors and an independent consultants. The Company issued an aggregate 4.6 million restricted shares of common stock to four board members and an independent consultant during 2011 and 2010, respectively. The fair value of equity instruments exchanged for services rendered was taken at the date of issuance. Shares were unvested and issued upon the signing of the individual agreement and were therefore expensed in the period incurred. The shares were valued at \$278,000 based on the date of issue and recorded as operating, sales and administrative expenses in the consolidated statement of operations for the year ended December 31, 2011 and 2010, respectively.

Obligation to issue common shares. At December 31, 2011 and 2010, the Company had the following obligations to issue shares of its common stock:

Common stock	
Due to Consultants	1,050,000
Due to Board Members	816,900
Total Common to be issued	1,866,900
Preferred stock	
Due to Executives	1,500,000
Due to Consultants	317,616
Due to Board	50,000
Due - NEEL acquisition	400,000
Total Preferred to be issued	2,267,616

9. SUBSEQUENT EVENTS

Common Stock issuances. Subsequent to December 31, 2011, the company issued 1,466,900 shares of restricted common stock for consulting and other services rendered totaling \$88,014.

Financing Operations. On January 2, 2012, the company sold 357,000 shares of common stock through a private placement at a price of \$0.056 per share, for a total of \$20,000 to support ongoing company operations.

On January 5, 2012, the company sold 150,000 shares of common stock through a private placement at a price of \$0.07 per share, for a total of \$10,500 to support ongoing company operations.

On January 24, 2012, the company sold 1,000,000 shares of common stock through a private placement at a price of \$0.05 per share, for a total of \$50,000 to support ongoing company operations.

On February 8, 2012, the company sold 300,000 shares of common stock through a private placement at a price of \$0.066 per share, for a total of \$20,000 to support ongoing company operations.

On February 9, 2012, the company sold 55,000 shares of common stock through a private placement at a price of \$0.11 per share, for a total of \$5,000 to support ongoing company operations.

On February 10, 2012, the company sold 62,500 shares of common stock through a private placement at a price of \$0.08 per share, for a total of \$5,000 to support ongoing company operations.

On February 12, 2012, the company sold 90,000 shares of common stock through a private placement at a price of \$0.088 per share, for a total of \$8,000 to support ongoing company operations.

APPENDIX B

F13942

(Requestor's Name)

(Address)

(Address)

(City/State/Zip/Phone #)

PICK-UP WAIT MAIL

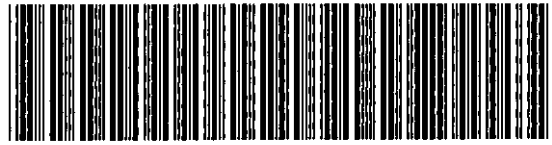
(Business Entity Name)

(Document Number)

Certified Copies _____ Certificates of Status _____

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02/21/12--01020--013 **35.00

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

12 FEB 21 PM 2:36

FILED

Amend

FEB 21 2012

T. LEWIS



Diane L. Bodenstein, Esq.
Attorney-at -Law

444 East 82nd Street, Suite 4P
New York, NY 10028

Tel: (212) 517-9153
Cell: (212) 433-0291
nysecjd@gmail.com

February 17, 2012

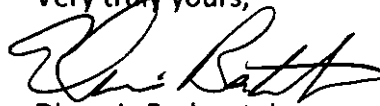
Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, FL 32301

Ladies and Gentlemen:

Enclosed for filing are two copies of Articles of Amendment of the Articles of Incorporation of Action Products International, Inc.

Please acknowledge receipt of the enclosed by stamping one of the enclosed copies and returning to me in the stamped, self-addressed envelope provided.

Very truly yours,



Diane L. Bodenstein

COVER LETTER

TO: Amendment Section
Division of Corporations

NAME OF CORPORATION: Action Products International, Inc.

DOCUMENT NUMBER: F13942

The enclosed *Articles of Amendment* and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

Gary Polistena

Name of Contact Person

Action Products International, Inc.

Firm/ Company

354 7th Avenue

Address

Brooklyn, NY 11215

City/ State and Zip Code

garypolistena.apii@yahoo.com

E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

Gary Polistena

Name of Contact Person

at (646) 772-0862

Area Code & Daytime Telephone Number

Enclosed is a check for the following amount made payable to the Florida Department of State:

\$35 Filing Fee

\$43.75 Filing Fee &
Certificate of Status

\$43.75 Filing Fee &
Certified Copy
(Additional copy is
enclosed)

\$52.50 Filing Fee
Certificate of Status
Certified Copy
(Additional Copy
is enclosed)

Mailing Address

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address

Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, FL 32301

FILED

12 FEB 21 PM 2:36

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Articles of Amendment
to
Articles of Incorporation
of

Action Products International, Inc.

(Name of Corporation as currently filed with the Florida Dept. of State)

F 13942

(Document Number of Corporation (if known))

Pursuant to the provisions of section 607.1006, Florida Statutes, this *Florida Profit Corporation* adopts the following amendment(s) to its Articles of Incorporation:

A. If amending name, enter the new name of the corporation:

_____ *The new name must be distinguishable and contain the word "corporation," "company," or "incorporated" or the abbreviation "Corp.," "Inc.," or "Co.," or the designation "Corp.," "Inc.," or "Co.". A professional corporation name must contain the word "chartered," "professional association," or the abbreviation "P.A."*

B. Enter new principal office address, if applicable:
(Principal office address **MUST BE A STREET ADDRESS**)

3001 West Hallandale Beach Blvd.
Suite 313
Pembroke Park, FL 33009

C. Enter new mailing address, if applicable:
(Mailing address **MAY BE A POST OFFICE BOX**)

D. If amending the registered agent and/or registered office address in Florida, enter the name of the new registered agent and/or the new registered office address:

Name of New Registered Agent _____

(Florida street address)

New Registered Office Address: _____, Florida _____
(City) (Zip Code)

New Registered Agent's Signature, if changing Registered Agent:

I hereby accept the appointment as registered agent. I am familiar with and accept the obligations of the position.

Signature of New Registered Agent, if changing

E. If amending or adding additional Articles, enter change(s) here:
(attach additional sheets, if necessary). (Be specific)

Article FOURTH is hereby amended pursuant to Section 607.1006
of the Florida Business Corporation Act by replacing said Article in its
entirety with the following:

See additional pages attached.

F. If an amendment provides for an exchange, reclassification, or cancellation of issued shares,
provisions for implementing the amendment if not contained in the amendment itself:
(if not applicable, indicate N/A)

N/A

FOURTH: The total number of shares which the Corporation shall the authority to issue shall be Two Hundred Million (200,000,000) shares, which shall be divided into two classes as follows: (a) One Hundred Fifty Million (150,000,000) shares of common stock with a par value of one mil (\$0.001) per share; and (b) Fifty Million (50,000,000) shares of preferred stock with a par value of one mil (\$0.001) per share, in such series and variations in the relative rights and preferences, if any, between such series as the Board of Directors shall determine.

A. COMMON STOCK. Subject to the preferential dividend rights applicable to any series of shares of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, after distribution in full of the preferential amounts to be distributed to the holders of shares of the preferred stock, the holders of the shares of common stock shall be entitled to receive all of the remaining assets of the corporation available for distribution to its shareholders, ratably in proportion to the number shares of the common stock held by them. Each holder of record of the common stock shall have one vote for each share of common stock standing in such holder's name on the books of the corporation and entitled to vote.

B. PREFERRED STOCK. The Board of Directors may issue preferred stock, from time to time, in one or more series. Authority is hereby vested solely in the Board of Directors of the corporation to provide, from time to time, for the issuance of preferred stock in one or more series and in connection therewith to determine without shareholder approval the number of shares to be included and such of the designations, powers, preferences and relative rights, and the qualifications, limitations and restrictions of any such series including, without limiting the generality of the foregoing, any of the following provisions with respect to which the Board of Directors shall determine to make affirmative provision:

- (1) The extent of the voting powers, full or limited, if any, of the shares of such series, provided that the holder of shares of such series (i) will not be entitled to more than one vote per share and (ii) will not be entitled to vote on any matter separately as a class, except (a) to the extent provided by Florida law and (b) to the extent specified in the Preferred Stock Designation with respect to such series;
- (2) The designation and name of such series and the number of shares that shall constitute such series;
- (3) The annual dividend rate or rates payable on shares of such series, the date or dates from which such dividends shall commence to accrue and the dividend payments dates for such dividends;
- (4) Whether dividends on shares of such series are to be cumulative or noncumulative, and the participating or other special rights, if any with respect to the payment of dividends;

(5) Whether such series shall be subject to redemption and, if so, the manner of redemption, the redemption price or prices and the terms and conditions on which shares of such series may be redeemed;

(6) Whether such series shall have a sinking fund or other retirement provisions for the redemption or purchase of shares of such series and, if so, the terms and amount of such sinking fund or other retirement provisions and the extent to which the charges therefor are to have priority over the payment of dividends on the common stock;

(7) The amounts payable on shares of such series on voluntary or involuntary dissolution, liquidation or winding up of the affairs of the corporation and extent to which such payment shall have priority over the payment of any amount on voluntary or involuntary dissolution, liquidation or winding up of the affairs of the corporation on shares of any other series or of common stock;

(8) The terms and conditions, if any, on which shares of such series may be converted into or exchanged for; shares of any other series or of common stock;

(9) The stated value, if any, for the shares of such series, the consideration for which shares of such series may be issued and amount of consideration that shall be credited to the capital account; and

(10) Any other preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, or any other term or provision of shares of such series as the Board of Directors may deem appropriate or desirable.

The Board of Directors is expressly authorized to vary the provisions relating to the foregoing matters between or among the various series of preferred stock.

All shares of preferred stock of any one series shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be payable and, if cumulative, shall cumulate.

Shares of any series of preferred stock that shall be issued and thereafter acquired by the corporation through purchase, redemption (whether through the operation of a sinking fund or otherwise), conversion, exchange or otherwise, shall, upon appropriate filing and recording to the extent required by law, have the status of authorized and unissued shares of preferred stock and may be reissued as part of such series or as part of any other series of preferred stock. Unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, the number of authorized shares of any series of preferred stock may be increased or decreased (but not below the number of shares then outstanding) by resolution or resolutions of the Board of Directors and appropriate filing and recording to the extent required by law. In case the number of shares of any such series of preferred stock shall be decreased, the shares representing such decrease shall, unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, resume the status of authorized and unissued shares of preferred stock, undesignated as to series.

The date of each amendment(s) adoption: 12/27/11

Effective date if applicable: _____
(no more than 90 days after amendment file date)

Adoption of Amendment(s) **(CHECK ONE)**

- The amendment(s) was/were adopted by the shareholders. The number of votes cast for the amendment(s) by the shareholders was/were sufficient for approval.
- The amendment(s) was/were approved by the shareholders through voting groups. The following statement must be separately provided for each voting group entitled to vote separately on the amendment(s):

"The number of votes cast for the amendment(s) was/were sufficient for approval
by _____"
(voting group)

- The amendment(s) was/were adopted by the board of directors without shareholder action and shareholder action was not required.
- The amendment(s) was/were adopted by the incorporators without shareholder action and shareholder action was not required.

Dated 12/29/11

Signature Gary Polistena
(By a director, president or other officer -- if directors or officers have not been selected, by an incorporator -- if in the hands of a receiver, trustee, or other court appointed fiduciary by that fiduciary)

Gary Polistena

(Typed or printed name of person signing)
Chief Executive Officer

(Title of person signing)

FI3942

(Requestor's Name)

Action Products Int'l Inc
1101 N. Keller Road Suite E
Orlando, FL 32810

(Address)

(City/State/Zip/Phone #)

PICK-UP WAIT MAIL

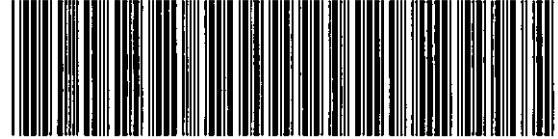
(Business Entity Name)

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DIVISION OF CORPORATIONS
08 NOV 19 PM 2:34

Amend
@ 11/25/08

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
08 NOV 19 PM 2:36

Articles of Amendment
to
Articles of Incorporation
of

ACTION PRODUCTS INTERNATIONAL, INC.

(Name of corporation as currently filed with the Florida Dept. of State)

F13942

(Document number of corporation (if known))

Pursuant to the provisions of section 607.1006, Florida Statutes, this Florida Profit Corporation adopts the following amendment(s) to its Articles of Incorporation:

NEW CORPORATE NAME (if changing):

(Must contain the word "corporation," "company," or "incorporated" or the abbreviation "Corp.," "Inc.," or "Co.") (A professional corporation must contain the word "chartered", "professional association," or the abbreviation "P.A.")

AMENDMENTS ADOPTED – (OTHER THAN NAME CHANGE) Indicate Article Number(s) and/or Article Title(s) being amended, added or deleted: (BE SPECIFIC)

Article FOURTH is hereby amended, pursuant to Section 607.1006
of the Florida Business Corporation Act, as follows

[See attached additional pages]

(Attach additional pages if necessary)

If an amendment provides for exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the-amendment itself: (if not applicable, indicate N/A)

N/A

(continued)

The date of each amendment(s) adoption: November 11, 2008

Effective date if applicable: _____
(no more than 90 days after amendment file date)

Adoption of Amendment(s) (CHECK ONE)

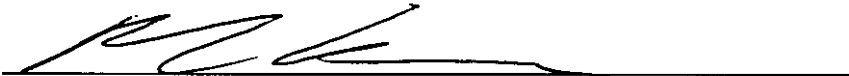
The amendment(s) was/were approved by the shareholders. The number of votes cast for the amendment(s) by the shareholders was/were sufficient for approval.

The amendment(s) was/were approved by the shareholders through voting groups. *The following statement must be separately provided for each voting group entitled to vote separately on the amendment(s):*

"The number of votes cast for the amendment(s) was/were sufficient for approval by _____."
(voting group)

The amendment(s) was/were adopted by the board of directors without shareholder action and shareholder action was not required.

The amendment(s) was/were adopted by the incorporators without shareholder action and shareholder action was not required.

Signature 
(By a director, president or other officer - if directors or officers have not been selected, by an incorporator - if in the hands of a receiver, trustee, or other court appointed fiduciary by that fiduciary)

Robert L. Burrows
(Typed or printed name of person signing)

Chief Financial Officer
(Title of person signing)

FILING FEE: \$35

FOURTH: The total number of shares which the Corporation shall have the authority to issue shall be 35 million (35,000,000) shares which shall be divided into two classes as follows: (a) 25,000,000 shares of common stock with a par value of one mil (\$.001) per share; and (b) 10,000,000 shares of preferred stock, with a par value of one mil (\$.001) per share, in such series and variations in the relative rights and preferences, if any, between such series as the Board of Directors shall determine.

A. COMMON STOCK. Subject to the preferential dividend rights applicable to shares of any series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after distribution in full of the preferential amounts to be distributed to the holders of shares of the Preferred Stock, the holders of shares of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its shareholders, ratably in proportion to the number of shares of the Common Stock held by them. Each holder of record of the Common Stock shall have one vote for such share of Common Stock standing in such holder's name on the books of the Corporation and entitled to vote.

B. PREFERRED STOCK. The Board of Directors may issue Preferred Stock, from time to time, in one or more series. Authority is hereby vested solely in the Board of Directors of the Corporation to provide, from time to time, for the issuance of Preferred Stock in one or more series and in connection therewith to determine without shareholder approval the number of shares to be included and such of the designations, powers, preferences, and relative rights and the qualifications, limitations, and restrictions of any such series, including, without limiting the generality of the foregoing any of the following provisions with respect to which the Board of Directors shall determine to make affirmative provision:

(1) The extent of the voting powers, full or limited, if any, of the shares of such series, provided that the holder of shares of such series (i) will not be entitled to more than one vote per share and (ii) will not be entitled to vote on any matter separately as a class, except (i) to the extent provided by Florida law and (b) to the extent specified in the Preferred Stock Designation with respect to such series;

(2) The designation and name of such series and the number of shares that shall constitute such series;

(3) The annual dividend rate or rates payable on shares of such series, the date or dates from which such dividends shall commence to accrue, and the dividend payment dates for such dividends;

(4) Whether dividends on such series are to be cumulative or noncumulative, and the participating or other special rights, if any, with respect to the payment of dividends;

(5) Whether such series shall be subject to redemption and, if so, the manner of redemption, the redemption price or prices and the terms and conditions on which shares of such series may be redeemed;

(6) Whether such series shall have a sinking fund or other retirement provisions for the redemption or purchase of shares of such series, and, if so, the terms and amount of such sinking fund or other retirement provision and the extent to which the charges therefor are to have priority over the payment of dividends on or the making of sinking fund or other like retirement provisions for shares of any other series or over the payment of dividends on the Common Stock;

(7) The amounts payable on shares of such series on voluntary or involuntary dissolution, liquidation, or winding up of the affairs of the Corporation and extent to which such payment shall have priority over the payment of any amount on voluntary or involuntary dissolution, liquidation, or winding up of the affairs of the Corporation on shares of any other series or on the Common Stock;

(8) The terms and conditions, if any, on which shares of such series may be converted into, or exchanged for, shares of any other series or of Common Stock;

(9) The stated value, if any, for the shares of such series, the consideration for which shares of such series may be issued and amount of such consideration that shall be credited to the capital account; and

(10) Any other preferences and relative, participating, optional, or other special rights, and qualifications, limitations or restrictions thereof, or any other term or provision of shares of such series as the Board of Directors may deem appropriate or desirable.

The Board of Directors is expressly authorized to vary the provisions relating to the foregoing matters between the various series of Preferred Stock.

All shares of Preferred Stock of any one series shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be payable, and if cumulative, shall cumulate.

Shares of any series of Preferred Stock that shall be issued and thereafter acquired by the Corporation through purchase, redemption (whether through the operation of a sinking fund or otherwise), conversion, exchange, or otherwise, shall, upon appropriate filing and recording to the extent required by law, have the status of authorized and unissued shares of Preferred Stock and may be reissued as part of such series or as part of any other series of Preferred Stock. Unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, the number of authorized shares of stock of any series of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by resolution or resolutions of the Board of Directors and appropriate filing and recording to the extent required by law. In case the number of shares of any such series of Preferred Stock shall be decreased, the shares representing such decrease shall, unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, resume the status of authorized but unissued shares of Preferred Stock, undesignated as to series.

F13942

Florida Department of State
Division of Corporations
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SEP 24 2008

Articles of Amendment
to
Articles of Incorporation
of

ACTION PRODUCTS INTERNATIONAL, INC.

(Name of corporation as currently filed with the Florida Dept. of State)

F13942

(Document number of corporation (if known))

Pursuant to the provisions of section 607.1006, Florida Statutes, this *Florida Profit Corporation* adopts the following amendment(s) to its Articles of Incorporation:

NEW CORPORATE NAME (if changing):

(Must contain the word "corporation," "company," or "incorporated" or the abbreviation "Corp.," "Inc.," or "Co.")
(A professional corporation must contain the word "chartered," "professional association," or the abbreviation "P.A.")

AMENDMENTS ADOPTED- (OTHER THAN NAME CHANGE) Indicate Article Number(s) and/or Article Title(s) being amended, added or deleted: (BE SPECIFIC)

Article FOURTH is hereby amended to add, pursuant to Section

607.0602 of the Florida Business Corporation Act, the following:

[See attached additional pages]

(Attach additional pages if necessary)

If an amendment provides for exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the amendment itself: (if not applicable, indicate N/A)

(continued)

08 SEP 24 PM 2: 27

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The date of each amendment(s) adoption: August 21, 2008

Effective date if applicable: _____
(no more than 90 days after amendment file date)

Adoption of Amendment(s) **(CHECK ONE)**

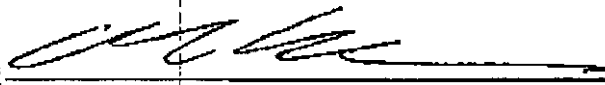
The amendment(s) was/were approved by the shareholders. The number of votes cast for the amendment(s) by the shareholders was/were sufficient for approval.

The amendment(s) was/were approved by the shareholders through voting groups. *The following statement must be separately provided for each voting group entitled to vote separately on the amendment(s):*

"The number of votes cast for the amendment(s) was/were sufficient for approval by _____"
(voting group)

The amendment(s) was/were adopted by the board of directors without shareholder action and shareholder action was not required.

The amendment(s) was/were adopted by the incorporators without shareholder action and shareholder action was not required.

Signature 
(By a director, president or other officer - if directors or officers have not been selected, by an incorporator - if in the hands of a receiver, trustee, or other court appointed fiduciary by that fiduciary)

Robert L. Burrows
(Typed or printed name of person signing)

Chief Financial Officer
(Title of person signing)

FILING FEE: \$35

ATTACHMENT TO ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
ACTION PRODUCTS INTERNATIONAL, INC.

C. **SERIES A PREFERRED STOCK.** Pursuant to authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, and pursuant to the provisions of Section 607.0602 of the Florida Business Corporation Act, said Board of Directors, pursuant to a meeting held on August 21, 2008, adopted a resolution establishing the rights, preferences, privileges and restrictions of, and the number of shares comprising, the Corporation's Series A Preferred Stock, which resolution is as follows:

RESOLVED, that a series of Preferred Stock in the Corporation, having the rights, preferences, privileges and restrictions, and the number of shares constituting such series of Preferred Stock and the designation of such series, set forth below be, and it hereby is, authorized by the Board of Directors of the Corporation pursuant to authority given by the Corporation's *Articles of Incorporation*.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby fixes and determines the determinations of, the number of shares constituting, and the rights, preferences, privileges and restrictions relating to, a new series of Preferred Stock as follows:

(a) **Determination.** The series of Preferred Stock is hereby designated Series A Preferred Stock (the "Series A Preferred Stock").

(b) **Authorized Shares.** The number of authorized shares constituting the Series A Preferred Stock shall be Five Hundred Thousand (500,000) shares of such series.

(c) **Dividends.** The holders of the Series A Preferred Stock shall be entitled to receive dividends, if and when declared by the Board of Directors for distribution to its holders of Common Stock, which shall be distributed ratably among the holders of the Series A Preferred Stock, such other series of Preferred Stock as are constituted as similarly participating, and the Common Stock, with each share of Series A Preferred Stock being deemed, for such purpose, to be equal to the number of shares of Common Stock, including fractions of a share, into which such share of Series A Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(d) **Liquidation Preference.** After the payment of all preferential amounts required to be paid to the holders of any class or series of stock ranking senior to the Series A Preferred Stock in respect of liquidation that may be authorized from time to time, (the "Senior Liquidation Stock"), upon the dissolution, liquidation, or winding up of the Corporation, all of the remaining assets and funds of the Corporation available for distribution to its holders of Common Stock shall be distributed ratably among the holders of the Series A Preferred Stock, such other series of Preferred Stock as are constituted as similarly participating, and the Common Stock, with each share of Series A Preferred Stock being deemed, for such purpose, to be equal to the number of shares of Common Stock, including fractions of a share, into which

such share of Series A Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(e) **Voting Rights.** Except as otherwise required by law, the holder of shares of Series A Preferred Stock shall not have the right to vote on matters that come before the shareholders.

(f) **Conversion Rights.** Subject to and in compliance with the provisions of this paragraph (f), the holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(i) *Right to Convert.*

(A) Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into one (1) (the "Conversion Rate") fully paid and nonassessable share of Common Stock. Such Conversion Rate shall be subject to adjustment as provided herein.

(B) In no event, at any time that the Corporation has any class of its securities registered under Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), shall a holder of shares of Series A Preferred Stock be entitled to convert any shares of Series A Preferred Stock in excess of that number upon conversion of which the sum of (i) the number of shares of Common Stock beneficially owned by such holder (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted shares of Series A Preferred Stock owned by the holder and the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on exercise or conversion analogous to the limitation contained herein) and (ii) the number of shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock with respect to which the determination described herein is being made, would result in the beneficial ownership by such holder of more than 9.99% of the outstanding shares of Common Stock of the Corporation. For purposes of this paragraph, beneficial ownership shall be determined in accordance with Section 13(d) of Exchange Act and Regulation 13D-G thereunder, except as otherwise provided in the parenthetical of clause (i) of the preceding sentence. Such holder may waive the limitations provisions of this paragraph upon not less than 61 days' prior notice to the Corporation, and the provisions of this paragraph shall continue to apply until such 61st day (or such later date as may be specified in such notice of waiver). No conversion in violation of this paragraph, but otherwise in accordance herewith, shall affect the status of the Common Stock issued upon such conversion as validly issued, fully-paid and nonassessable.

(ii) *Mechanics of Conversion.* In order to convert shares of Series A Preferred Stock into shares of Common Stock, the holder shall surrender the certificate or certificates for such shares of Series A Preferred Stock at the office of the transfer agent (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock

to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent of such certificates and notice (or by the Corporation if the Corporation serves as its own transfer agent) shall be the time of conversion (the "Conversion Time"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, but not later than five (5) business days after the Conversion Time, issue and deliver at such office to such holder, or to its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled.

(iii) *No Impairment.* The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph (f) and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(iv) *Adjustment for Stock Splits and Combinations.* If the Corporation shall at any time, or from time to time after the date this Certificate was filed with the Florida Secretary of State (the "Original Issue Date"), effect a subdivision of the outstanding Common Stock, the Conversion Rate in effect immediately prior thereto shall be proportionately decreased, and conversely, if the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Rate then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph (f)(iv) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(v) *Adjustment for Reclassification Exchange or Substitution.* If the Common Stock issuable upon the conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this paragraph (f)), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(vi) *Reorganization, Mergers, Consolidations or Sales of Assets.* If at any time or from time to time there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares provided for elsewhere in this paragraph (f)) or a merger or consolidation of the Corporation with or into another corporation,

or the sale of all or substantially all of the Corporation's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such Series A Preferred Stock, the number of shares of stock or other securities or property of the Corporation or of the successor corporation resulting from such merger or consolidation or sale, to which a holder of Common Stock deliverable upon conversion would have been entitled upon such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this paragraph (f) with respect to the rights of the holders of the Series A Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this paragraph (f) (including adjustment of the Conversion Rate then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(vii) *Notices of Record Date.* In the event of (A) any taking by the Corporation of a record of the holders of any class or series of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or (B) any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation or any transfer of all or substantially all of the assets of the Corporation to any other corporation, entity or person, or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series A Preferred Stock at least ten (10) business days prior to the record date specified therein, a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (3) the time, if any is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares, of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

(viii) *Fractional Shares.* No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round up to the nearest whole number.

(ix) *Reservation of Stock Issuable Upon Conversion.* The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, Five Hundred Thousand (500,000) shares of Common Stock, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all the then outstanding shares of Series A Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(x) *Notices.* Any notice required by the provisions of this paragraph (f) to be given to the holders of shares of Series A Preferred Stock shall be deemed given (A) if deposited in the United States mail, postage prepaid, or (B) if given by any other reliable or generally

accepted means (including by facsimile or by a nationally recognized overnight courier service), in each case addressed to each holder of record at his address (or facsimile number) appearing on the books of the Corporation.

(xi) *Payment of Taxes.* The Corporation will pay all transfer taxes and other governmental charges that may be imposed in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock.

(xii) *Certificate as to Adjustments.* Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this paragraph (f), the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) business days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based and shall file a copy of such certificate with its corporate records. The Corporation shall, as promptly as reasonably practicable after the written request at any time by any holder of Series A Preferred Stock (but in any event not later than ten (10) business days thereafter), furnish or cause to be furnished to such holder a similar certificate setting forth (A) such adjustments and readjustments, (B) the Conversion Rate then in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Series A Preferred Stock.

(g) *No Re-issuance of Preferred Stock.* Any shares of Series A Preferred Stock acquired by the Corporation by reason of purchase, conversion or otherwise shall be canceled, retired and eliminated from the shares of Series A Preferred Stock that the Corporation shall be authorized to issue. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth in the Articles of Incorporation or in any amendment thereto creating a series of Preferred Stock or any similar stock or as otherwise required by law.

(h) *Severability.* If any right, preference or limitation of the Series A Preferred Stock set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule, law or public policy, all other rights, preferences and limitations set forth herein that can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall nevertheless remain in full force and effect, and no right, preference or limitation herein shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

[remainder of page intentionally left blank]

F13942

LAW OFFICES

ENGLISH, MCCAUGHAN & O'BRYAN, P.A.

100 NORTHEAST THIRD AVENUE
SUITE 1100
FORT LAUDERDALE, FLORIDA 33301-1146

TELEPHONE (954) 462-3300
FACSIMILE (954) 763-2439

MAILING ADDRESS: P.O. BOX 14098
FORT LAUDERDALE, FLORIDA 33302-4098

BOCA RATON OFFICE
120 EAST PALMETTO PARK ROAD
SUITE 450
BOCA RATON, FL 33432-6090

TELEPHONE (561) 347-1700
FACSIMILE (561) 391-9944

August 17, 1998

Department of State
Division of Corporations
Post Office Box 6327
Tallahassee, Florida 32314

Re: Action Products International, Inc.

100002618571--9
-08/18/98--01031--004
*****87.50 *****87.50

To Whom It May Concern:

Enclosed please find an original and one copy of the Amended and Restated Articles of Incorporation, along with a Certificate to Amended and Restated Articles of Incorporation for Action Products International, Inc. Also enclosed please find a check in the amount of \$87.50 to cover the following costs:

\$35.00	Filing Fee
\$52.50	Certified Copy

If the enclosed documents meet with your approval, please file them with your Office and return a certified copy to the attention of the undersigned.

If you have any questions with regard to the enclosed, please feel free to contact the undersigned.

Very truly yours,

Debra H. Chrystie

Debra H. Chrystie
Corporate Paralegal

/dhc
Enclosures

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

98 AUG 18 AM 8:39

FILED

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RTO
8/24*

**CERTIFICATE TO
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ACTION PRODUCTS INTERNATIONAL, INC.**

FILED
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The foregoing Amended and Restated Articles of Incorporation were duly adopted in accordance with the provisions of Section 607.1007(3) of the Florida Business Corporation Act. The Amended and Restated Articles were adopted by the shareholders of the Corporation at the Corporation's Annual Meeting held on June 8, 1998, at which a quorum was present, and the Amended and Restated Articles received at least a majority of the vote that the shareholders present or represented by proxy at such meeting were entitled to cast. The Amended and Restated Articles were duly adopted by the Corporation's Directors by unanimous written consent effective as of May 7, 1998.

IN WITNESS WHEREOF, the undersigned has executed this Certificate to Amended and Restated Articles of Incorporation by its duly authorized officer this 10th day of August, 1998.

ACTION PRODUCTS INTERNATIONAL, INC.

By: _____

Ronald S. Kaplan
Chief Executive Officer and President

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
ACTION PRODUCTS INTERNATIONAL, INC.**

Pursuant to the provisions of Sections 607.1003, 607.1006 and 607.1007 of the Florida Business Corporation Act, the undersigned corporation hereby adopts the following Amended and Restated Articles of Incorporation:

1. The name of the Corporation is ACTION PRODUCTS INTERNATIONAL, INC., a Florida corporation (the "Corporation").

2. The text of the Corporation's Amended and Restated Articles of Incorporation is as follows:

FIRST: The name of the Corporation is ACTION PRODUCTS INTERNATIONAL, INC.

SECOND: The period of the duration of the corporation is perpetual.

Article THIRD is hereby amended to read as follows:

THIRD: The Corporation is organized for the purpose of transacting any and all lawful business for which corporations may be formed under the Florida Business Corporation Act, and all amendments and supplements thereto, or any law enacted to take the place thereof.

Article FOURTH is hereby amended to read as follows:

FOURTH: The total number of shares which the Corporation shall have the authority to issue shall be 25,000,000 shares which shall be divided into two classes as follows: (a) 15,000,000 shares of common stock with a par value of \$.001 per share; and (b) 10,000,000 shares of preferred stock, with a par value of \$.001 per share, in such series and variations in the relative rights and preferences, if any, between such series as the Board of Directors shall determine.

A. COMMON STOCK. Subject to the preferential dividend rights applicable to shares of any series of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after distribution in full of the preferential amounts to be distributed to the holders of shares of the Preferred Stock, the holders of shares of the Common Stock shall be entitled to receive all of the remaining assets of

the Corporation available for distribution to its shareholders, ratably in proportion to the number of shares of the Common Stock held by them. Each holder of record of the Common Stock shall have one vote for such share of Common Stock standing in such holder's name on the books of the Corporation and entitled to vote.

B. **PREFERRED STOCK.** The Preferred Stock may be issued by the Board of Directors, from time to time, in one or more series. Authority is hereby vested solely in the Board of Directors of the Corporation to provide, from time to time, for the issuance of Preferred Stock in one or more series and in connection therewith to determine without shareholder approval, the number of shares to be included and such of the designations, powers, preferences, and relative rights and the qualifications, limitations, and restrictions of any such series, including, without limiting the generality of the foregoing any of the following provisions with respect to which the Board of Directors shall determine to make affirmative provision:

1. The extent of the voting powers, full or limited, if any, of the shares of such series, provided that the holder of shares of such series (i) will not be entitled to more than one vote per share and (ii) will not be entitled to vote on any matter separately as a class, except (i) to the extent provided by Florida law and (b) to the extent specified in the Preferred Stock Designation with respect to such series;

2. The designation and name of such series and the number of shares that shall constitute such series;

3. The annual dividend rate or rates payable on shares of such series, the date or dates from which such dividends shall commence to accrue, and the dividend payment dates for such dividends;

4. Whether dividends on such series are to be cumulative or noncumulative, and the participating or other special rights, if any, with respect to the payment of dividends;

5. Whether such series shall be subject to redemption and, if so, the manner of redemption, the redemption price or prices and the terms and conditions on which shares of such series may be redeemed;

6. Whether such series shall have a sinking fund or other retirement provisions for the redemption or purchase of shares of such series, and, if so, the terms and amount of such sinking fund or other retirement provision and the extent to which the charges therefor are to have priority over the payment of dividends on or the making of sinking fund or other like retirement provisions for shares of any other series or over the payment of dividends on the Common Stock;

7. The amounts payable on shares of such series on voluntary or involuntary dissolution, liquidation, or winding up of the affairs of the Corporation and extent to which such payment shall have priority over the payment of any amount on voluntary or involuntary dissolution,

liquidation, or winding up of the affairs of the Corporation on shares of any other series or on the Common Stock;

8. The terms and conditions, if any, on which shares of such series may be converted into, or exchanged for, shares of any other series or of Common Stock;

9. The stated value, if any, for the shares of such series, the consideration for which shares of such series may be issued and amount of such consideration that shall be credited to the capital account; and

10. Any other preferences and relative, participating, optional, or other special rights, and qualifications, limitations or restrictions thereof, or any other term or provision of shares of such series as the Board of Directors may deemed appropriate or desirable.

The Board of Directors is expressly authorized to vary the provisions relating to the foregoing matters between the various series of Preferred Stock.

All shares of Preferred Stock of any one series shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be payable, and if cumulative, shall cumulate.

Shares of any series of Preferred Stock that shall be issued and thereafter acquired by the Corporation through purchase, redemption (whether through the operation of a sinking fund or otherwise), conversion, exchange, or otherwise, shall, upon appropriate filing and recording to the extent required by law, have the status of authorized and unissued shares of Preferred Stock and may be reissued as part of such series or as part of any other series of Preferred Stock. Unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, the number of authorized shares of stock of any series of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by resolution or resolutions of the Board of Directors and appropriate filing and recording to the extent required by law. In case the number of shares of any such series of Preferred Stock shall be decreased, the shares representing such decrease shall, unless otherwise provided in the resolution or resolutions of the Board of Directors providing for the issuance thereof, resume the status of authorized but unissued shares of Preferred Stock, undesignated as to series.

Article FIFTH is hereby amended to read as follows:

FIFTH: The street address of the registered office of the Corporation is 344 Cypress Road, Ocala, Florida 34472 and the name of the registered agent at such address is Ronald S. Kaplan.

Article SIXTH, SEVENTH, EIGHTH and TENTH are hereby deleted in their entirety and the following new Articles SIXTH and SEVENTH are hereby added and shall read as follows:

SIXTH: At the 1998 Annual Meeting of Shareholders, the directors shall be classified into two classes, as nearly equal in number as possible, with the term of office for the first class to expire at the 1998 Annual Meeting of Shareholders and the term of office of the second class to expire at the 1999 Annual Meeting of Shareholders. At each Annual Meeting of Shareholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the second succeeding Annual Meeting of Shareholders after their election.

SEVENTH: The street address of the principal office of the Corporation is 344 Cypress Road, Ocala, Florida 34472.

Article NINTH is hereby amended to read as follows:

EIGHTH: The By-Laws of the Corporation may be altered, amended, or repealed, and new By-Laws may be adopted, by action of the board of directors, subject to the limitations of F.S. 607.1020(1) or any successor statute thereto. The shareholders of the Corporation may alter, amend, or repeal these By-Laws or adopt new By-Laws even though these By-Laws may also be amended or repealed by the Board of Directors.

IN WITNESS WHEREOF, the undersigned has executed these Amended and Restated Articles of Incorporation by its duly authorized officer this 10 day of August, 1998.

ACTION PRODUCTS INTERNATIONAL, INC.

By:


Ronald S. Kaplan
Chief Executive Officer and President

APPENDIX C

Exhibit B

AMENDED AND RESTATED

B Y - L A W S

OF

ACTION PRODUCTS INTERNATIONAL, INC.

ARTICLE I

Offices

In addition to the office of the corporation registered with the Secretary of State of Florida, the corporation may also have offices at such places, both within and without the State of Florida, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Shareholders

Section 1. ANNUAL MEETING. A meeting of shareholders shall be held annually between the third and sixth month, inclusive, of each fiscal year of the corporation for the purpose of electing directors, and for transacting any other business coming before the meeting. If the election of directors is not held on the day so determined for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law or by the Articles of Incorporation, may be called by the Chairman of the Board, if any, the President or by the Board of Directors, and shall be called by the President or Secretary at the written request of a majority of the Board of Directors then in office or at the written request of the holders of not less than one-tenth (1/10th) of all the votes entitled to be cast on any issue proposed for consideration at the meeting. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting shall be limited to the purposes described in the special meeting notice required by Section 4 of this Article.

Section 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Florida, as the place of meeting for any annual or special meeting of the shareholders. If no designation is made, the meeting place shall be the principal office of the corporation unless the notice of the meeting specifies otherwise.

Section 4. NOTICE OF MEETING. Written or printed notice stating the date, time and place of the meeting and, in the case of a special meeting, a description of the purpose or purposes for which the meeting is called, shall be delivered to the shareholders entitled to vote thereat, not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by first class mail, by or at the direction of the President or the Secretary, or, in the case of a special meeting, by the officers and or persons designated to call such special meeting in accordance with Section 2 of this Article II. If the notice is mailed at least thirty (30) days before the date of the meeting, it may be done by a class of United States mail other than first class. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

If an annual or special meeting of shareholders is adjourned to a different date, time or place, notice of the new date, time or place need not be given if same is announced at the meeting before an adjournment is taken, and any business may be transacted at the adjourned meeting that might have been transacted on the original date of the meeting. If a new record date for the adjourned meeting is or must be fixed under Section 2 of Article X of these By-laws, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date who are entitled to notice of the meeting.

Notwithstanding the foregoing, no notice of a shareholders' meeting need be given to a shareholder if:

- (a) An annual report and proxy statements for two consecutive annual meetings of shareholders or
- (b) All, and at least two checks in payment of dividends or interest on securities during a 12-month period,

have been sent by first-class United States mail, addressed to the shareholder at his address as it appears on the share transfer books of the corporation, and returned undeliverable. The obligation of the corporation to give notice of a shareholders' meeting to any such shareholder shall be reinstated once the corporation has received a new address for such shareholder for entry on its share transfer books.

Section 5. WAIVER OF NOTICE OF SHAREHOLDERS' MEETING. (a) Whenever any notice is required to be given to any shareholder of the corporation under the provisions of law, the Articles of Incorporation or these By-laws, a written waiver thereof signed by the person or persons entitled to such notice and delivered to the corporation, before or after the date and time stated therein, shall be equivalent to the giving of such notice. Unless otherwise provided in the Articles of Incorporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in any written waiver of notice.

(b) Attendance of a shareholder at a meeting waives objection to: (1) lack of notice or defective notice of the meeting, unless the shareholder objects at the beginning of the meeting to holding the meeting or transacting business at the meeting; or (2) the consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 6. SHAREHOLDERS' LIST. (a) After fixing a record date for a meeting of the shareholders, the officer or agent having charge of the stock transfer books for shares of the corporation shall prepare, at least ten (10) days before such meeting of share-holders, an alphabetical list of the names of the shareholders entitled to notice of such meeting, arranged by voting group, with the address of, and the number and class and series, if any, of shares held by each.

(b) For a period of ten (10) days prior to the meeting, or such shorter time as exists between the record date and the meeting (and continuing through the meeting), the shareholders' list shall be available for inspection by any shareholder during regular business hours at the corporation's principal office, at a place identified in the meeting notice in the city where the meeting is to be held, or at the office of the corporation's transfer agent or registrar. A shareholder or the shareholder's agent or attorney is entitled on written demand to inspect and copy the list during regular business hours at his expense, during the period it is available for inspection; provided, that (i) the shareholder's demand is made in good faith and for a proper purpose, (ii) the shareholder describes with reasonable particularity his purpose and the records he desires to inspect; and (iii) the records are directly connected with the shareholder's purpose. Such list shall also be available at the meeting and shall be subject to inspection by any shareholder, or the shareholder's agent or attorney, at any time during the meeting or any adjournment thereof. The shareholders' list shall be prima facie evidence of the identity of shareholders entitled to examine such list or to vote at a meeting of shareholders. A shareholder may not sell or otherwise distribute any information or records inspected under this Section, except as otherwise permitted by law.

Section 7. SHAREHOLDER QUORUM AND VOTING. (a) Unless otherwise provided in the Articles of Incorporation, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, but in no event shall a quorum consist of less than one-third (1/3) of the shares entitled to vote at the meeting. When a specified item of business is required to be voted on by a class or series of stock, a majority of the shares of such class or series shall constitute a quorum for the transaction of such item of business by that class or series.

(b) If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast by the holders of the shares represented at the meeting (and entitled to vote on the subject matter) favoring the action exceed the votes cast opposing the action, unless a greater number of affirmative votes or voting by classes is required by law or the Articles of Incorporation.

(c) Unless otherwise provided in the Articles of Incorporation, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Each shareholder who is entitled to vote at an election of directors may vote (in person or by proxy) the number of shares owned by him for as many persons as there are directors to be elected at that time and for whose election he has a right to vote. Shareholders shall not have a right to cumulate their votes for directors unless the Articles of Incorporation so provide.

(d) After a quorum has been established at a shareholders' meeting, the subsequent withdrawal of shareholders, so as to reduce the number of shares entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

Section 8. VOTING ENTITLEMENT OF SHARES. (a) Except as provided in Section 8(b) of this Article or unless otherwise provided by law or the Articles of Incorporation, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Only shares are entitled to vote. If the Articles of Incorporation provide for more or less than one vote for any share on any matter, each reference in these By-laws to a majority or other proportion of shares shall refer to such a majority or other proportion of votes entitled to be cast.

(b) Shares which have been reacquired or redeemed by the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time. Shares of this corporation's own stock are not entitled to vote if they are owned (directly or indirectly) by another corporation and this corporation owns (directly or indirectly) a majority of the shares entitled to vote for directors of that other corporation. This shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

Section 9. PROXIES. A shareholder, those persons entitled to vote on behalf of a shareholder pursuant to law, or a shareholder's attorney-in-fact may vote a shareholder's shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy shall be effective when received by the Secretary or other officer of the corporation authorized to tabulate votes and shall be valid for up to eleven (11) months unless a longer period is expressly provided in the appointment form. A proxy holder may appoint, in writing, a substitute to act in his place, if the appointment form expressly so permits.

Section 10. INSPECTORS OF ELECTIONS. Prior to each shareholders' meeting, the Board of Directors or the President shall appoint one or more Inspectors of Elections. Upon his appointment, each such Inspector shall take and sign an oath to faithfully execute the duties of Inspector at such meeting with strict impartiality and to the best of his ability. Such Inspectors shall determine the number of shares outstanding, the number of shares present at the meeting and whether a quorum is present at such meeting. The Inspectors shall receive votes and ballots and shall determine all challenges and questions as to the right to vote and shall thereafter count and tabulate all votes and ballots and determine the result. Such Inspectors shall do such further acts as are proper to conduct the elections of directors and the vote on other matters with fairness to all shareholders. The Inspectors shall make a certificate of the results of the elections of directors and the vote on other matters. No candidate for election as a director of the corporation shall be appointed as an Inspector.

Section 11. ACTION BY SHAREHOLDERS WITHOUT A MEETING. (a) Unless otherwise provided in the Articles of Incorporation, any action required or permitted by law to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if the action is taken by the holders of outstanding stock of each voting group entitled to vote thereon having not less than the minimum number of votes with respect to each voting group that would be necessary to authorize or take such action at a meeting at which all voting groups and shares entitled to vote thereon were present and voted.

(b) In order to be effective, the action must be evidenced by one or more written consents describing the action taken, dated and signed by approving shareholders having the requisite number of votes of each voting group entitled to vote thereon, and delivered to the corporation within sixty (60) days of the date of the written consent.

(c) Any written consent may be revoked prior to the date the corporation receives the required number of consents to authorize the proposed action. No revocation is effective unless in writing and received by the corporation.

(d) Within ten (10) days after obtaining such authorization by written consent, notice must be given to those shareholders who have not consented in writing or who are not entitled to vote on the action. The notice shall fairly summarize the material features of the authorized action and, if the action is a merger, consolidation, sale or exchange of assets, or other action for which dissenter's rights are provided by law, the notice shall contain a clear statement of the right of dissenting share-holders to be paid the fair value of their shares upon compliance with further provisions of law regarding the rights of dissenting shareholders.

Section 12. VOTING TRUSTS. Any number of shareholders of this corporation may create a voting trust in the manner provided by law for the purpose of conferring upon the trustee or trustees the right to vote or otherwise represent their shares. When the counterpart of a voting trust agreement and a copy of the record of the holders of voting trust certificates are deposited with the corporation as provided by law, those documents shall be subject to the same right of examination by a shareholder of the corporation, in person or by agent or attorney, as are the books and records of the corporation, and the counterpart and the copy of the record shall be subject to examination by any holder of record of voting trust certificates, either in person or by agent or attorney, at any reasonable time for any proper purpose.

Section 13. SHAREHOLDERS' AGREEMENTS. Two or more shareholders of this corporation may enter into an agreement providing for the exercise of voting rights in the manner provided in the agreement or relating to any phase of the affairs of the corporation, in the manner and to the extent provided by law. The agreement shall not impair the right of this corporation to treat a shareholder of record as entitled to vote the shares as standing in his name.

ARTICLE III

Board of Directors

Section 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors except as may be otherwise provided by law or in the Articles of Incorporation.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. The corporation shall have five (5) director(s) initially. The number of directors may be increased or decreased from time to time by (a) a majority vote of the entire board of directors, or (b) a vote of the holders of a majority of the outstanding shares of the corporation at any regular or special meeting of the shareholders; however, no decrease shall have the effect of shortening the term of an incumbent director (unless the shareholders remove the director pursuant to Section 15 hereof.

At the 1998 Annual Meeting of Shareholders, the directors shall be classified into two classes, as nearly equal in number as possible, with the term of office for the first class to expire at the 1999 Annual Meeting of Shareholders and the term of office of the second class to expire at the 2000 Annual Meeting of Shareholders. At each Annual Meeting of Shareholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the second succeeding Annual Meeting of Shareholders after their election.

Section 3. ANNUAL MEETING. The Board of Directors shall hold its annual meeting at the same place as, and immediately following, each annual meeting of shareholders for the purpose of electing officers and the transaction of such other business as may come before the meeting. If a majority of the directors is present at such place and time, prior notice of the meeting need not be given to the directors. Alternatively, the place and time of such meeting may be fixed by written consent of the directors.

Section 4. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall be determined from time to time by the Board of Directors.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, if any, the President or any two (2) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meetings that are called by them.

Section 6. NOTICE. Notice of any special meeting shall be given at least two (2) days prior thereto by written notice delivered personally, by mail, telegraph, cablegraph or overnight courier, to the business address of the director. Notice shall be effective at the earlier of: (a) personal receipt by the director; (b) five (5) days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid; (c) the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; (d) the date of delivery of notice by telegraph or cablegraph, if confirmation of delivery is provided by the telegraph or cablegraph company; or (e) the first business day following the date on which the notice is sent by Federal Express or similar overnight courier service.

Section 7. WAIVER OF NOTICE OF DIRECTORS' MEETINGS. Whenever any notice of meeting is required to be given to any director under the provisions of law, the Articles of Incorporation or these By-laws, a written waiver thereof signed by the director either before or after the meeting shall be equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 8. QUORUM. A majority of the required number of directors, as specified in the Articles of Incorporation or specified in accordance with these By-laws, shall constitute a quorum for the transaction of business unless a greater number is required by the Articles of Incorporation for a quorum.

Section 9. MANNER OF ACTING. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Articles of Incorporation.

Section 10. VACANCIES. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, or by the shareholders, unless the Articles of Incorporation provide otherwise and subject to statutory restrictions regarding directors who were elected by a voting group. A director elected to fill a vacancy shall hold office only until the next election of directors by the shareholders.

Section 11. COMPENSATION. By resolution of the Board of Directors, any director may be paid expenses, if any, of attendance at any meeting of the Board of Directors, and may be paid a fixed sum for attendance at any meeting of the Board of Directors, or a stated salary as a director. No payment shall preclude a director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. DUTIES OF DIRECTORS. A director shall perform his duties as a director, including his duties as a member of any committee of the board upon which he serves, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a similar position would use under similar circumstances.

In performing his duties, a director may rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by the following:

- (a) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
- (b) legal counsel, public accountants, or other persons as to matters that the director reasonably believes to be within that person's professional or expert competence; or
- (c) a committee of the board of directors upon which he does not serve and which he reasonably believes to merit confidence, as to matters within the authority designated by it by the articles of incorporation or the by-laws.

In performing his duties, a director may consider such factors as the director deems relevant, including the long-term prospects and interests of the corporation and its shareholders, and the social, economic, legal or other effects of any action on the employees, suppliers, customers of the corporation or its subsidiaries, the communities and society in which the corporation or its subsidiaries operate, and the economy of the state and the nation.

A director shall not be considered as acting in good faith if he has knowledge concerning the matter in question that would cause the reliance described above to be unwarranted. A person who performs his duties in compliance with this Section shall have no liability because of his being or having been a director of the corporation.

Section 12. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

- (a) he objects at the beginning of the meeting (or promptly upon his arrival) to the holding of the meeting or transacting specified business at the meeting; or
- (b) he votes against such action or abstains from the action taken. To evidence his abstention or vote against any action, a director shall file his written dissent or abstention from such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall forward such dissent or abstention by registered or certified mail, return receipt requested, to the Secretary of the corporation immediately following the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

Section 13. ACTION BY THE BOARD WITHOUT A MEETING. Unless otherwise provided in the Articles of Incorporation, any action required by law or these By-laws to be taken at a meeting of the directors of the corporation, or any action which may be taken at a meeting of the directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action taken, signed by all of the directors or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee. Such consent shall have the same effect as a unanimous vote at a meeting, and shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

Section 14. TELEPHONE MEETINGS. Except as otherwise provided in the Articles of Incorporation, members of the Board of Directors may participate in a regular or special meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can simultaneously hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

Section 15. REMOVAL AND RESIGNATION OF DIRECTORS. (a) Unless the Articles of Incorporation otherwise provide, one or more directors may be removed in the manner provided in this Section at a meeting of shareholders, provided the notice of the meeting states that the purpose, or one of the purposes, of the meeting is the removal of the director(s). Any director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of directors, subject to statutory restrictions relating to directors who were elected by voting groups or cumulative voting. The removal of a director shall not prejudice the contract rights, if any, of the person removed. Election or appointment of a director shall not of itself create contract rights.

(b) A director may resign at any time by delivering written notice to the corporation's Board of Directors, its Chairman, if any, or to the corporation. A resignation is effective when the notice is delivered, unless the notice specifies a later effective date.

Section 16. **DIRECTOR CONFLICTS OF INTEREST.** (a) No contract or other transaction between this corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of the directors are directors or officers or are financially interested, shall be either void or voidable because of that relationship or interest or because the director or directors are present at the meeting of the board of directors or a committee that authorizes, approves, or ratifies the contract or transaction or because his or their votes are counted for that purpose, if:

(i) The existence of the relationship or interest is disclosed or known to the board of directors or committee that authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose, without counting the votes and consents of the interested directors; or

(ii) The existence of the relationship or interest is disclosed or known to the shareholders entitled to vote and they authorize, approve, or ratify the contract or transaction by vote or written consent; or

(iii) The contract or transaction is fair and reasonable to the corporation at the time it is authorized by the board, a committee, or the shareholders.

(b) For purposes of subsection (i) only, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of a majority of the directors on the board of directors, or on the committee, who have no relationship or interest in the transaction described in Section 16(a) hereof, but a transaction may not be authorized, approved or ratified under this Section by a single director. If a majority of the directors who have no such relationship or interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this Section. The presence of, or a vote cast by a director with such relationship or interest in the transaction does not affect the validity of any action taken under subsection (i) if the transaction is otherwise authorized, approved or ratified as provided in that subsection, but such presence or vote of those directors may be counted for purposes of determining whether the transaction is approved under other sections of these by-laws or as provided by law.

ARTICLE IV

Officers

Section 1. **NUMBER.** The corporation's officers shall include a President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. The Board of Directors may also elect a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers and such other officers, as the Board of Directors shall deem appropriate. Two or more offices may be held simultaneously by the same person.

Section 2. **ELECTION AND TERM OF OFFICE.** The officers of the corporation shall be elected annually by the Board of Directors at its first meeting and after each annual meeting of the shareholders. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor is duly elected and qualified, or until his death, resignation or removal.

Section 3. **REMOVAL.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the corporation will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. **VACANCIES.** Any vacancy, however occurring, in any office may be filled by the Board of Directors.

Section 5. **PRESIDENT.** Unless otherwise provided by resolution of the Board of Directors, the President shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors (if he shall be a member of the board), shall have general and active management of the business and affairs of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute on behalf of the corporation, and may affix or cause the seal to be affixed to, all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

Section 6. **VICE PRESIDENTS.** The Vice Presidents, if any, shall act under the direction of the President and in the absence or disability of the President shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice Presidents or may otherwise specify the order and seniority of the Vice Presidents. The duties and powers of the President shall descend to the Vice Presidents in such specified order of seniority.

Section 7. **SECRETARY.** The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record the proceedings. The Secretary shall perform like duties for the standing committees when required; shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors; and shall perform such other duties as may be prescribed by the President or the Board of Directors. The Secretary shall keep in safe custody the seal of the corporation and, when authorized by the President or the Board of Directors, cause it to be affixed to any instrument requiring it. The Secretary shall be responsible for maintaining the stock transfer book and minute book of the corporation and shall be responsible for their updating.

Section 8. ASSISTANT SECRETARIES. The Assistant Secretaries, if any, shall act under the direction of the President in the order of their seniority in office, unless otherwise determined by the President or the Board of Directors. They shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 9. TREASURER. The Treasurer shall act under the direction of the President. Subject to the direction of the President, the Treasurer shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name, and to the credit of, the corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the corporation. The Treasurer may affix or cause to be affixed the seal of the corporation to documents so requiring the seal.

Section 10. ASSISTANT TREASURERS. The Assistant Treasurers, if any, in the order of their seniority of office, unless otherwise determined by the President or the Board of Directors shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 11. DELEGATION OF DUTIES. Whenever an officer is absent or whenever for any reason the Board of Directors may deem it desirable, the Board of Directors may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

Section 12. ADDITIONAL POWERS. To the extent the powers and duties of the several officers are not provided from time to time by resolution or other directive of the Board of Directors or by the President (with respect to other officers), the officers shall have all powers and shall discharge the duties customarily and usually held and performed by like officers of the corporations similar in organization and business purposes to this corporation.

Section 13. SALARIES. The salaries of the officers shall be as fixed from time to time by the Board of Directors.

ARTICLE V

Executive and Other Committees of the Board

Section 1. CREATION OF COMMITTEES. By resolution passed by a majority of the full Board, the Board of Directors may designate an Executive Committee and one or more other committees. Each committee of the Board shall consist of two (2) or more members who shall serve at the pleasure of the Board of Directors.

Section 2. EXECUTIVE COMMITTEE. The Executive Committee, if there is one, shall consult with and advise the officers of the corporation in the management of its business. The Executive Committee shall have, and may exercise to the extent provided in the Board resolution creating such Executive Committee, only such powers of the Board of Directors as can be lawfully delegated by the Board.

Section 3. OTHER COMMITTEES. Other committees shall have only such functions as can be lawfully delegated and may exercise the powers of the Board of Directors to the extent provided in the resolution or resolutions creating such committee or committees.

Section 4. MEETINGS OF COMMITTEES. Regular meetings of the Executive Committee and any other committees may be held without notice at such time and place as shall from time to time be determined by each committee. Special meetings of the Executive Committee or other committees may be called by any member thereof upon two (2) days notice to each of the other members of the committee, or upon such shorter notice as may be agreed to in writing by each of the other members of the committee, given either personally or in the manner provided in Section 6 of Article III of these By-laws (pertaining to notice for directors' meetings). Members of the Executive Committee shall be deemed present at a meeting of such Committee if a conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other, is used.

Section 5. VACANCIES ON COMMITTEES. Vacancies on the Executive Committee or on other committees may be filled by the Board of Directors at any regular or special meeting.

Section 6. QUORUM OF COMMITTEES. At all meetings of the Executive Committee or any other committee, a majority of the committee's members then in office shall constitute a quorum for the transaction of business.

Section 7. **MANNER OF ACTING OF COMMITTEES.** The act of a majority of the members of the Executive Committee, or any other committee, who are present at a meeting at which a quorum is present shall be the act of such committee.

Section 8. **MINUTES OF COMMITTEES.** The Executive Committee, if there is one, and all other committees shall keep regular minutes of their proceedings and shall report to the Board of Directors when required.

Section 9. **COMPENSATION.** Members of the Executive Committee or another committee may be paid compensation in accordance with the provisions of Section 11 of Article III of these By-laws.

ARTICLE VI

Indemnification of Officers

Directors, Employees and Agents

Section 1. **INDEMNIFICATION.** Any person, or his heirs, or personal representative who is made or threatened to be made a party to any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative, because he or his testator or intestate is or was a director, officer, employee, or agent of this corporation or serves or served any other corporation or enterprise in any capacity at the request of this corporation, shall be indemnified by this corporation, and this corporation may advance his related expenses, to the full extent permitted by law. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which the person or his heirs, or personal representative may be entitled. The corporation may, upon the affirmative vote of a majority of its board of directors, purchase insurance for the purpose of indemnifying these persons. The insurance may be for the benefit of all directors, officers, or employees.

Section 2. **INSURANCE.** The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE VII

Issuance of Shares

Section 1. **AUTHORIZATION.** Unless the power to authorize the issuance of shares is reserved to the shareholders in the Articles of Incorporation, the Board of Directors may authorize issuances of one or more shares of the corporation's authorized capital stock.

Section 2. **CONSIDERATION FOR SHARES.** (a) The Board of Directors may authorize shares to be issued for a consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, promises to perform services evidenced by a written contract, or other securities of the corporation.

(b) Before the corporation issues shares, the Board of Directors must determine in good faith that the consideration received or to be received for shares to be issued is adequate. That determination by the Board of Directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid, and nonassessable.

(c) When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, the shares issued therefor are fully paid and nonassessable. Consideration in the form of a promise to pay money or a promise to perform services is deemed received by the corporation at the time of the making of the promise, unless the agreement specifically provides otherwise.

(d) The corporation may place in escrow shares issued for a contract for future services or benefits or a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the notice paid, or the benefits received. If the services are not performed, the shares escrowed or restricted and the distributions credited may be canceled in whole or in part.

ARTICLE VIII

Certificates Representing Shares

Section 1. **CERTIFICATES.** Any certificate representing shares in the corporation shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the corporation, shall state on its face the name of the corporation and indicate that it is incorporated under the laws of the State of Florida, shall state the name of the person to whom it is issued, shall state the number and class of shares and the designation of the series, if any, that the certificate represents, and may be sealed with the seal of the corporation or a facsimile thereof. The certificates shall be numbered and entered in the books of the corporation as they are issued. If an officer who signed (or whose facsimile signature was placed on) a stock certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

Section 2. **RIGHTS OF DIFFERENT CLASSES.** If the corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations applicable to each class and the variations and rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder a full statement of the foregoing information on request and without charge.

Section 3. **FACSIMILE SIGNATURES.** The signatures of the President or Vice President and the Secretary or Assistant Secretary may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar (other than the corporation itself or an employee of the corporation).

Section 4. **TRANSFER OF SHARES.** Transfers of shares of the corporation shall be made upon the corporation's books by the holder of the shares, in person or by his lawfully constituted representative, upon surrender of the certificate representing shares for cancellation. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes. The corporation shall not be bound to recognize any equitable or other claim to, or interest in, shares on the part of any person other than the owner of record, regardless of whether the corporation has express or other notice of such claim or interest, except as otherwise provided by law.

ARTICLE IX

Shares Without Certificates

Section 1. **AUTHORIZATION OF SHARES WITHOUT CERTIFICATES.** Unless the Articles of Incorporation provide otherwise, the Board of Directors of the corporation may authorize the issue of some or all of the shares of any or all of its classes or series without certificates. Such authorization does not affect any shares already represented by certificates until they are duly surrendered to the corporation. Unless expressly provided otherwise by law, the rights and obligations of shareholders shall be identical whether or not their shares are represented by certificates.

Section 2. **REQUIREMENTS.** Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the holder of such shares a written statement of the name of the corporation, a statement that it is incorporated under the laws of the State of Florida, the name of the person to whom the shares are issued, the number and class of shares and the designation of the series, if any, represented by the shares. If the corporation is authorized to issue different classes of shares or different series within a class, the written statement shall summarize the designations, relative rights, preferences and limitations applicable to each class and the variations and rights, preferences, and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series). Alternatively, the written statement shall specify that the corporation will furnish the shareholder, on request and without charge, a full statement of the information specified in the preceding sentence.

ARTICLE X

Transfer Books

Section 1. **CLOSING OF TRANSFER BOOKS.** To determine which share-holders shall be entitled to notice of or to vote at a meeting of shareholders, or shall be entitled to receive a dividend, the Board of Directors of the corporation may provide that the stock transfer books shall be closed for a stated period not to exceed, in any case, seventy (70) days. If the stock transfer books are closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting.

Section 2. **FIXING RECORD DATE.** In lieu of closing the stock transfer books, the Board of Directors may fix a date as the record date for any such determination of shareholders. The record date may not be more than seventy (70) days and, in the case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring the determination of shareholders is to be taken.

Section 3. **NO RECORD DATE FIXED.** If the stock transfer books are not closed and no record date is fixed, then the date on which notice of the meeting is mailed, or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for the determination of shareholders.

Section 4. ADJOURNMENTS. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof, unless: (a) the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting; or (b) the Board of Directors fixes a new record date pursuant to this Article for the adjourned meeting.

ARTICLE XI

Dividends

The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares of capital stock in the manner, and upon the terms and conditions, provided by law, the Articles of Incorporation, and these By-laws. Dividends may be paid in cash, in property, or in the corporation's own shares, subject to the provisions of law and the Articles of Incorporation.

ARTICLE XII

Fiscal Year

The fiscal year of the corporation shall be the twelve-month period ending December 31, or such other twelve month period as may be selected by the Board of Directors as the taxable year of the corporation for federal income tax purposes.

ARTICLE XIII

Corporate Records

Section 1. RETENTION OF CORPORATE RECORDS. The corporation shall keep the following corporate records permanently:

- (a) its Articles of Incorporation or restated Articles of Incorporation and all amendments to same;
- (b) its By-laws or restated By-laws and all amendments to same; and
- (c) minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by each committee (if any) of the Board of Directors in place of the Board of Directors.

Section 2. LIST OF SHAREHOLDERS. The corporation (or its agent) shall maintain a permanent record of its shareholders in a form that permits the preparation of a list of the names and addresses of all shareholders in alphabetical order by class of shares, showing the number and series of shares held by each.

Section 3. OTHER RECORDS. In addition to the foregoing, the corporation shall maintain copies of the following corporate records:

- (a) all written communications to all shareholders generally or all shareholders of a class or series within the past three (3) years, including the financial statements furnished for the past three (3) years pursuant to law or Article XIV of these By-laws;
- (b) a list of the names and business street addresses of the corporation's current directors and officers; and
- (c) its most recent annual report delivered to the Florida Department of State.

ARTICLE XIV

Financial Statements to Shareholders

Section 1. DELIVERY TO SHAREHOLDERS. Unless modified by resolution of the shareholders within 120 days of the close of each fiscal year, the corporation shall furnish its shareholders with annual financial statements, which may be consolidated or combined statements of the corporation and one or more of its subsidiaries, as appropriate. Such financial statements shall include a balance sheet as of the end of the fiscal year, an income statement for that year, and a statement of cash flows for that year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.

Section 2. REPORT ON FINANCIAL STATEMENTS. If the annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the statements must be accompanied by a statement of the corporation's President or the person responsible for the corporation's accounting records:

- (a) stating his or her reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
- (b) describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

Section 3. PROCEDURE FOR DELIVERY. The corporation shall mail the annual financial statements to each shareholder within 120 days after the close of each fiscal year, or within such additional time thereafter as is reasonably necessary to enable the corporation to prepare its financial statements if, for reasons beyond the corporation's control, it is unable to prepare its financial statements within the prescribed period.

Section 4. DELIVERY UPON REQUEST. Upon the written request of a shareholder to whom the statements were not mailed, the corporation shall mail the latest annual financial statements to such shareholder. The corporation shall comply with requests made pursuant to this Section within thirty (30) days of the delivery of such a request to the corporation.

ARTICLE XV

Seal

The corporate seal shall bear the name of the corporation and the words "Corporate Seal, Florida".

ARTICLE XVI

Shares in Other Corporations

Shares in other corporations which are held by this corporation shall be voted by such officer or officers of this corporation as the Board of Directors shall from time to time designate for such purpose or by a proxy thereunto duly authorized by the Board.

ARTICLE XVII

Board of Directors

Section 1. NOTIFICATIONS OF NOMINATIONS AND PROPOSED BUSINESS. Subject to the rights of holder of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, (a) nominations for election of directors, and (b) business proposed to be brought before any shareholder meeting, may be made by the Board of Directors or proxy committee appointed by the Board of Directors or by any shareholder entitled to vote in the election of directors generally. However, any such shareholder may nominate one or more persons for election as directors at a meeting or propose business to be brought before a meeting, or both, only if such shareholder has given timely notice in proper written form of his intent to make such nomination or nominations or to propose such business. To be timely, a shareholder's notice must be delivered to or mailed and received by the Secretary of the corporation not later than sixty (60) days prior to such meeting. To be in proper written form, a shareholder's notice to the Secretary shall set forth:

- (i) the name and address of the shareholder who intends to make the nominations or propose the business and, as the case may be, of the person or persons to be nominated or of the business to be proposed;
- (ii) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;
- (iii) if applicable, a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;
- (iv) such other information regarding each nominee or each matter of business to be proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the Board of Directors, and
- (v) if applicable, the consent of each nominee to serve as director of the corporation, if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

ARTICLE XVIII

Amendments

The By-Laws of the corporation may be altered, amended, or repealed, and new By-Laws may be adopted, by action of the board of directors, subject to the limitations of F.S. 607.1020(1) or any successor statute thereto. The shareholders of the Corporation may alter, amend, or repeal these By-Laws or adopt new By-Laws even though these By-Laws may also be amended or repealed by the Board of Directors.