

**VIDEOLOCITY INTERNATIONAL INC.****December 31, 2010****Table of Contents**

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These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the period presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

**VIDEOLOCITY INTERNATIONAL INC.**  
**CONSOLIDATED BALANCE SHEET**  
**As at December 31, 2010**  
(Unaudited)

<b>BALANCE SHEET</b>	
<b><u>ASSETS</u></b>	
CURRENT ASSETS	
Cash	\$ 567,346
Accounts Receivable	896,547
Other Receivable	500,763
Inventory	358,464
Prepaid Accounts	61,675
	<u>2,384,795</u>
LONG-TERM INVESTMENT	-
FIXED ASSETS - NBV	2,857,122
CONSTRUCTION IN PROGRESS	1,931,590
INTANGIBLE ASSETS - NBV	-
	<u><b>\$ 7,173,507</b></u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 47,821
Other Payables	15,673
Short Term Loans	117,302
Taxes Payable	39,877
	<u>220,673</u>
LONG TERM LIABILITIES	-
	<u>220,673</u>
SHAREHOLDERS' EQUITY	
CAPITAL STOCK	
Common Stock, authorized shares 4,888,00,000	
Issued and outstanding - 4,088,573,286 @ PV \$0.001	4,088,573
Pref C auth - 5,000,000, issued - 1,000,000	1,000
ADDITIONAL PAID IN CAPITAL	17,221,571
RETAINED EARNINGS	- 14,358,310
	<u>6,952,834</u>
	<u><b>\$ 7,173,507</b></u>

The accompanying notes are an integral part of these  
financial statements

**VIDEOLOCITY INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED December 31, 2010**  
(Unaudited)

<b>EARNINGS</b>	
<b>REVENUE</b>	
Sales	\$ 5,203,565
	-
<b>TOTAL SALES</b>	<u>5,203,565</u>
<b>COST OF SALES</b>	
Cost of Sales	1,976,345
Operating Tax	246,893
<b>TOTAL COST OF SALES</b>	<u>2,223,238</u>
<b>GROSS PROFIT</b>	<u>2,980,327</u>
<b>OPERATING EXPENSES</b>	
Administrative Expense	1,502,631
Financial Expense	13,453
	<u>1,516,084</u>
<b>OTHER INCOME &amp; EXPENSES</b>	29,523
<b>PROFIT</b>	<b>1,493,766</b>
LESS Income Tax	504,544
<b>NET PROFIT</b>	<u><b>989,222</b></u>
Retained Earnings - Beginning of period	- 15,347,532
Retained Earnings - End of period	<u><u><b>-\$ 14,358,310</b></u></u>

The accompanying notes are an integral part of these financial statements

**VIDEOLOCITY INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED December 31, 2010**  
(Unaudited)

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**CASH FLOWS**

**Cash flows from operating activities**

Profit/Loss from operations	\$ 989,222
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**Adjustments to cash flows from operating activities:**

Amortization of goodwill	
Depreciation of fixed assets	260,523

Cash flows <b>from</b> operating activities	\$ 1,249,745
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**Cash flows from investing activities:**

Capital expenditures	1,221,802
Investment in inventory	220,774
Increase in accounts receivable	339,021
Increase in prepaid expenses	6,249

Cash <b>used in</b> investing activities	\$ 1,787,846
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**Cash flows from financing activities:**

Increase in accounts payable and accrued liabilities	47,199
Increase in loans payable	-
Increase in PIC	369,494
Issuance of capital stock	132,022

Cash <b>used for</b> financing activities	\$ 548,715
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<b>Net increase (decrease) in cash</b>	<b>\$ 10,614</b>
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Cash at beginning of period	556,732
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Cash at end of period	<b>\$ 567,346</b>
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financial statements

**VIDEOLOCITY INTERNATIONAL INC.**  
Consolidated Statement of Shareholders' Equity  
**AS AT December 31, 2010**  
(Unaudited)

	Pref	Stock	Common	Stock	Additional		
	Shares	Amount	Shares	Amount	PIC	R/E	Total
<b>Openning Bal</b>	1,000,000	\$1,000	3,956,550,801	\$ 3,956,551	\$ 16,852,077	-\$ 15,347,532	\$5,462,096
Issuance of stk			132,022,485	132,022		-	132,022
Increase in PIC					369,494		
Net Profit/Loss						989,222	989,222
<b>Bal Dec 2010</b>	1,000,000	\$1,000	4,088,573,286	\$ 4,088,573	\$ 17,221,571	-\$ 14,358,310	\$6,952,834

The accompanying notes are an integral part of these  
financial statements

**VIDEOLOCITY INTERNATIONAL INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED December 31, 2010**  
(Unaudited)

**NOTE 1. GENERAL ORGANIZATION AND BUSINESS ISSUES**

The company was administratively abandoned and reinstated in February 2010 through a court appointed guardian - custodian.

In March 2010, the company announced it had recapitalized its Authorized share structure to 4.888 billion shares to prepare for multiple mergers with new viable private businesses.

On June 22, 2010, the company announced that it had completed its merger with Tactician University, a Chinese based consulting company specializing in government and business training.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

Accounting policies and procedures are listed below. The company has adopted a December 31 year end.

**Accounting Basis**

We have prepared the consolidated financial statements according to generally accepted accounting Principles (GAAP).

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less as cash equivalents. As of December 31, 2010 the company had no cash or cash equivalent balances in excess Of the federally insured amounts. The Company's policy is to invest excess funds in only well capitalized financial institutions.

**Earnings per Share**

The Company adopted the provisions of SFAS No. 128, "Earnings per Share." SFAS No. 128 requires the presentation of basic and diluted earnings per share ("EPS"). Basic

presentation of basic and diluted earnings per share (EPS). Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted.

The Company has not issued any options or warrants or similar securities since inception.

### **Stock Based Compensation**

As permitted by Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure", which amended SFAS 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", the Company has elected to continue to follow the intrinsic value method

in accounting for its stock-based employee compensation arrangements as defined by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", and related Interpretations including "Financial Accounting Standards Board Interpretations No. 44, Accounting for Certain Transactions Involving Stock Compensation", and interpretation of APB No. 25. At December 31, 2010 the Company has not formed a Stock Option Plan and has not issued any options.

### **Dividends**

The Company has adopted a policy regarding the payment of dividends. Dividends may be paid to shareholders once all divisions are fully operational and profitable. The Board may also pay dividends to counter any short selling or undermining of the entity. See Note 1.

### **Fixed Assets**

Fixed assets are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of fixed assets are sold or retired, the related cost

renewals and improvements are capitalized. When items of fixed assets are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in income.

### **Income Taxes**

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the period in which transactions affect current taxable income and the period in which they enter into the determination of net income in the financial statements.

### **Advertising**

Advertising is expensed when incurred.

### **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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Goodwill**

Goodwill is created when we acquire a business. It is calculated by deducting the fair value of the net assets acquired from the consideration given and represents the value of factors that contribute to greater earning power, such as a good reputation, customer loyalty. We assess goodwill of individual subsidiaries for impairment in the fourth quarter of every year, and when circumstances indicate that goodwill might be impaired.

### **NOTE 3. GOING CONCERN**



The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a net profit for the period through to December 31, 2010 of \$ 989,222. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### **NOTE 4. RECENTLY ISSUED ACCOUNTING STANDARDS**

Management does not believe that any recently issued but not yet adopted accounting standards will have a material effect on the Company's results of operations or on the reported amounts of its assets and liabilities upon adoption.

#### **NOTE 5. SHAREHOLDERS' EQUITY**

Common Stock:

As of December 31, 2010 the company has 4,088,573,286 shares of common stock issued and outstanding.

#### **NOTE 6. PROVISION FOR INCOME TAXES**

The Company provides for income taxes under Statement of Financial Accounting Standards NO. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The provision for income taxes is comprised of the net changes in deferred taxes less the valuation account plus the current taxes payable.