


- A. The following document is the certificate of incorporation of the company in the State of Texas.

JM -CH



The State of Texas  
Secretary of State  
AUG. 13, 1999


JAMES KNEZ  
PO BOX 2943  
CONROE ,TX 77305

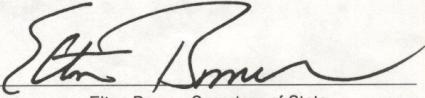
RE:  
KJT ENTERPRISES, INC.  
CHARTER NUMBER 01546830-00

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

AS A CORPORATION, YOU ARE SUBJECT TO STATE TAX LAWS. SOME NON-PROFIT CORPORATIONS ARE EXEMPT FROM THE PAYMENT OF FRANCHISE TAXES AND MAY ALSO BE EXEMPT FROM THE PAYMENT OF SALES AND USE TAX ON THE PURCHASE OF TAXABLE ITEMS. IF YOU FEEL THAT UNDER THE LAW YOUR CORPORATION IS ENTITLED TO BE EXEMPT YOU MUST APPLY TO THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE EXEMPTION. THE SECRETARY OF STATE CANNOT MAKE SUCH DETERMINATION FOR YOUR CORPORATION.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,  
  
Elton Bomer, Secretary of State

B. The following document is the official document that states KJT Enterprises Inc. is doing business with the name of KMS Technologies.

OFFICE OF  
STAN STANART  
COUNTY CLERK  
HARRIS COUNTY, TEXAS

B494131  
05/18/2011 CHIMNEY ROCK  
\$15.00 ASSUM NTRY

This is to acknowledge receipt of certificate of operation under Assumed Name which was filed in my office for  
KMS TECHNOLOGIES  
under the file number as shown on the cash register validation above, and indexed in the Assumed Name Records as prescribed by law.

The certificate shows

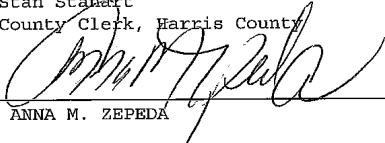
**KJT ENTERPRISES INC.**

to be the owner(s) of said business.

The period (not to exceed 10 years) during which the assumed name will be used is shown as MAY 18, 2011 through MAY 18, 2021.

Whenever there is a change of ownership, a withdrawal certificate shall be executed and duly acknowledged by the person or persons so withdrawing from or disposing of their interest in said business. Until such certificate has been filed, they shall remain liable for all debts incurred in the operation of said business.

Stan Stanart  
County Clerk, Harris County

  
ANNA M. ZEPEDA

Deputy

C. The following table lists the KMS-820 unit/system that has been sold since the launching in 2011. The information about the location of our clients for the following table and list is confidential and strictly for the internal use only.

Products	Quantity	Country	Year
KMS-820 MT system	3	India	2011
KMS-820 Data Acquisition Unit	2	USA	2011
KMS-820 MT system	1	Argentina	2011
KMS-820 Data Acquisition Unit	1	Argentina	2011
KMS-820 MT system	4	USA	2011
KMS-820 Data Acquisition Unit	1	China	2011
KMS-820 Data Acquisition Unit	1	China	2011
KMS-820 Data Acquisition Unit	1	USA	2011
KMS-820 MT system	1	China	2012

The following list is KMS past and ongoing projects.

### KMS Technologies past and ongoing projects

1999        **Baker Hughes, Baker Atlas, Houston** (marketing, borehole seismics): marketing support

1999-2000    **ElectroMagnetic Instruments Inc. (EMI), Berkeley**: Executive strategy and technical support in preparation of company acquisition. Emi is now a subsidiary of Schlumberger.

1999        **Curtin University, Perth Australia**: Lecture series in their master's program in Electromagnetic methods for Petroleum (together with K. Vozoff)

1999-2001    **Shell, Houston**: Project development support in 3D induction logging.

2000        **Oyo Geospace - Geospace Engineering Resources Inc., Houston**: development of business entry strategy for their borehole seismic/permanent sensor business. Introduction to strategic markets.

2000-2005    **University of Houston, Geoscience department**: Borehole geophysics lecture.

2000-2001    **DeepLook Consortium (BP, Chevron, Conoco, Texaco, Shell).**  
Deep Hydrocarbon reservoir Definition Using an Integrated Borehole  
System Pre-Feasibility (finished mid 2001).

2001            **Baker Hughes, Baker Atlas, Europe:** Marketing support in  
borehole seismics.

2001-2002    **BP, Shell, Houston:** Full Field Density Monitoring system:  
Business value definition.

2001-2002    **RWE-DEA, Germany:** High resolution Sub-salt imaging to  
improve pre-stack depth migration.

2001-2003    **Shell, Houston, and ENI, Italy:** Single Well  
Seismic/Electromagnetic System: Feasibility.

2002            **Phillips, Shell:** 3D induction interpretation research.

2002            **Petroalliance, Russia:** general advisory services in borehole  
surface geophysics. (2 projects)

2002            **CGG:** Rock Physics training for seismic interpreters

2002            **BP:** Feasibility study of EM monitoring for Prudhoe Bay

2003            **PDO:** Discussion on steam flood monitoring

2004            **Lime Rock Partners:** Due diligence evaluation of an EM  
company

2004            **RAG:** Advanced attribute interpretation

2004            **OMV:** Advanced seismic attribute analysis.

2004-2005    **Reservoir Star:** MR-ML™ system sales.

2004-2005    **BP, ConocoPhillips:** Full Field Density Monitoring system:



2005        **Wintershall Libya:** 3D EM interpretation supervision

2004-2006   **BP:** Advisor in Electromagnetics

2005        **Z-Seis:** Crosswell seismic survey supervision

2005        **SINOPEC:** Software purchase

2005-2006   **EMGS:** Technology evaluation of an EM contractor

2005-2006   **Cymraec Exploration, Reservoir Star International, Inc.:**  
Advanced attribute and prospect generation.

2005        **ESN Exploration:** Advanced attribute generation, Texas.

2005        **Anadarko:** Spectral decomposition study.

2005        **DEI Oil and Gas, Devon Energy, Lake Ronel Oil Company,  
Newfield, Repsol YPF, Summit Energy, Sundown Eland, New  
Zealand Overseas, Petroleum Ltd:** Advanced attribute  
generation and interpretation.

2005        **University of Oklahoma:** Continuous education courses.

2006        **BP:** Field trial in the Mediterranean

2006-2007   **WellDynamics** white paper.

2007        **Geosystem:** CSEM system feasibility design

2007        **Mannvit:** MT survey in Iceland

2007-2009   **EMGS, Norway and USA:** various projects

2006-2009   **RXT:** Marine EM cable development

2007-2008   **Mannvit:** various MT surveys in Hungary followed by  
successful drilling

- 2008-2009    **Saudi Aramco:** Reservoir monitoring Feasibility
- 2009        **Mannvit:** Geothermal MT surveys in Greece (3 areas incl. 3D)
- 2009        **Geokinetics:** MT survey in Brazil
- 2010        **ION – GX Technologies:** MT technical tender specifications for Poland multi-client survey
- 2010        **Saudi Aramco** EM training program resulting in several large scale EM surveys.
- 2011        hardware clients in China, India, Germany, Ukraine, Argentina, USA and India including: Lincoln Laboratory, Inst. Of Electronic, Chinese Academy of Science, Inst. of Geophysics and Geology, China, University of Cologne, Northern Hill University, WINS (US & Norway),
- 2011        **WINS**, borehole related technology project
- 2011        **Schlumberger Technology Corporation**, Expert advisor
- 2011        **ORMAT:** Geothermal monitoring feasibility

D. The following documents are related to KMS financial statements.



**KJT Enterprises Inc.**

6420 Richmond Ave, Suite 610  
Houston, Texas 77057, USA  
Tel: 713.532.8144  
Fax: 832.204.8418

[www.KMSTechnologies.com](http://www.KMSTechnologies.com)

Notes to the financial statements

The following are the last 3 years tax returns for 2010, 2009 and 2008 and financial statements per the books for 2011 as we are yet to file 2011 tax returns.

KMS Technologies is not required to prepare audited financial statements as it is a private company however; its tax returns are prepared by a licensed/certified public accountant.

A summary of our financial statements is as follows. Note that US tax returns do not show EBIDTA.

<b>Year Ended 12/31</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	Per books	Per tax return	Per tax return	Per tax return
<b>Revenues</b>	\$1,005,756	\$701,074	\$4,300,771	\$7,766,868
<b>(Taxable) Income</b>	\$189	-\$1,296,081	\$265,554	\$536,110
<b>Tax</b>	\$0	\$0	\$86,816	\$182,277

KMS Technologies – KJT Enterprises Inc was adversely affected by the financial crisis which hit its previous owners. As a result, revenues declined from approximately \$8 million in 2008 to \$4 million in 2009 and down to \$700 thousand in 2010. In 2010, KMS separated from its parent companies and settled about \$10 million debt outstanding to us at a loss. This resulted in a net loss of \$1.2 million in 2010. In 2011, KMS returned to profitability and is steadily building a new client base independent of our former parents.

KJT ENTERPRISES INC.			
DRAFT PROFIT AND LOSS STATEMENT PER BOOKS			
December 31, 2011			
			<b>Total</b>
<b>Income</b>			<b>1,005,756</b>
Less Cost of Goods and Services Sold			
Cost of Goods Sold	144,756		
Project Cost	(50,086)		
Total Cost of Services Sold			<b>178,565</b>
<b>Gross Profit from Operations</b>			<b>827,191</b>
Less General and Administrative Expenses			
Advertising	5,059		
Bank Charges	597		
Business Development	8,552		
Commissions & Fees	387		
Computer Supplies	6,125		
Computer Support	12,070		
Depreciation	8,688		
Donation	10,700		
Education	12,269		
Employee Benefit Program	3,659		
Expenses	168		
401(k) Match	74,553		
Gas	400		
Gross Payroll	464,359		
Insurance	6,648		
Insurance-Liability	3,460		
Insurance-Workers Compensation	2,936		
Legal and Professional Fees	100,460		
Marketing	55,250		
Meals and Entertainment	7,480		
Medical Benefits	34,685		
Mileage	2,786		
Miscellaneous	856		
Payroll Taxes	36,795		
Professional Education	1,770		



	Professional Services	15,491	
	Professional Societies	3,705	
	Rent or Lease	146,610	
	Repairs and Maintenance	71	
	Shipping	5,522	
	Stationery & Printing	154	
	Supplies	4,843	
	Taxes & Licenses	3,111	
	Telecommunication	12,427	
	Travel	28,555	
	Utilities	335	
	<b>Total</b>		1,097,475
<b>Other Income</b>			
	Interest Income	1,380	
	Other Income	269,093	
<b>Total Other Income</b>			<b>270,473</b>
<b>Net Income before Income Taxes</b>			<b>189</b>

**KJT ENTERPRISES, INC.**  
**DRAFT BALANCE SHEET PER BOOKS**  
**31-Dec-11**

**Current Assets**

Cash in Bank	228,403
Accounts Receivable	115,762
Inventory	5,056
Prepaid expenses	21,371

**Fixed Assets**

	49,150	
Accumulated Depreciation	(37,463)	11,687

**Other Assets**

Investment Shares	6,342
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<b>Total Assets</b>	<b>388,620</b>
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**Liabilities & Shareholder's Eqty.**

Accounts Payable	101,118
Other Current Liabilities	112,101
Federal Income Tax Payable	0
Preferred Stock	550,000
Capital Stock	22,899
Additional Paid in Capital	155,781
Retained Earnings	(553,468)
Net Income	189

<b>Total Liabilities &amp; Shareholder's Eqty.</b>	<b>388,620</b>
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**BRELAND & BRELAND,ATTNY AT LAW  
2207 HERMANN DR.  
HOUSTON, TX 77004  
(713) 526-0541**

February 11, 2011

KJT Enterprises, Inc.  
KMS Technologies  
6420 Richmond Avenue, Suite 610  
Houston, TX 77057

Dear Kurt:

Your 2010 Federal Corporation Income Tax Return will be electronically filed with the Internal Revenue Service upon receipt of a signed Form 8879C - IRS e-file Signature Authorization. No tax is payable with the filing of this return. You will receive a refund of \$43,408.

Enclosed is your 2011 Texas Franchise Tax Return. The original should be signed at the bottom of the form. In addition, sign and date at the bottom of Form 05-102, 2011 Texas Franchise Tax Public Information Report. No tax is payable with the filing of this return. Mail the Texas return on or before May 16, 2011 to:

COMPTROLLER OF PUBLIC ACCOUNTS  
P.O. BOX 149348  
AUSTIN, TX 78714-9348

Please be sure to call if you have any questions.

Sincerely,

**Nancy L. Breland**

Digitally signed by Nancy L. Breland  
DN: cn=Nancy L. Breland, o, ou,  
email=Attorneys@BrelandLaw.com, c=US  
Date: 2011.02.11 17:04:53 -06'00'

Nancy L. Breland

**IRS e-file Signature Authorization  
for Form 1120**

OMB No. 1545-1864

**2010**Department of the Treasury  
Internal Revenue Service

For calendar year 2010, or tax year beginning \_\_\_\_\_, 2010, ending \_\_\_\_\_

▶ See instructions. Do not send to the IRS. Keep for your records.

Name of corporation

KJT Enterprises, Inc.

Employer identification number

76-0621461

**Part I Tax Return Information (Whole dollars only)**

1	Total income (Form 1120, line 11)	1	145,226.
2	Taxable income (Form 1120, line 30)	2	-1,296,081.
3	Total tax (Form 1120, line 31)	3	
4	Amount owed (Form 1120, line 34)	4	
5	Overpayment (Form 1120, line 35)	5	43,408.

**Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)**

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2010 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize Breland & Breland, Attny at Law to enter my PIN 10021 as my signature  
ERO firm name do not enter all zeros  
on the corporation's 2010 electronically filed income tax return.

☐ As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2010 electronically filed income tax return.

Officer's signature ▶  Date ▶ \_\_\_\_\_ Title ▶ President

**Part III Certification and Authentication**

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN ..... 76783719670  
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2010 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 3112, IRS e-file Application and Participation, and Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ Nancy L. Breland

Date ▶ \_\_\_\_\_

**ERO Must Retain This Form – See Instructions  
Do Not Submit This Form to the IRS Unless Requested To Do So**



Form 1120 (2010)

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year.....	1	
2	Purchases.....	2	
3	Cost of labor.....	3	
4	Additional section 263A costs (attach schedule).....	4	
5	Other costs (attach schedule)..... See Statement 3.....	5	566,051.
6	<b>Total.</b> Add lines 1 through 5.....	6	566,051.
7	Inventory at end of year.....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	566,051.

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost  
(ii) ☐ Lower of cost or market  
(iii) ☐ Other (Specify method used and attach explanation.) .....

b Check if there was a writedown of subnormal goods ..... ☐c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO.....

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation..... ☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock).....		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock).....		80	
3 Dividends on debt-financed stock of domestic and foreign corporations.....		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities.....		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities.....		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs.....		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs.....		80	
8 Dividends from wholly owned foreign subsidiaries.....		100	
9 <b>Total.</b> Add lines 1 through 8. See instructions for limitation.....			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958.....		100	
11 Dividends from affiliated group members.....		100	
12 Dividends from certain FSCs.....		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12.....			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471).....			
15 Foreign dividend gross-up.....			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3.....			
17 Other dividends.....			
18 Deduction for dividends paid on certain preferred stock of public utilities.....			
19 <b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4.....			
20 <b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b.....			

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Kurt Martin Strack	521-27-0725	100 %	89.00 %	0.00 %	121,864.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers.....					121,864.
3	Compensation of officers claimed on Schedule A and elsewhere on return.....					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12.....					121,864.

Form 1120 (2010)

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).....	<input type="checkbox"/>		
2	Income tax. Check if a qualified personal service corporation (see instructions).....	<input type="checkbox"/>	2	0.
3	Alternative minimum tax (attach Form 4626).....		3	
4	Add lines 2 and 3.....		4	0.
5a	Foreign tax credit (attach Form 1118).....	5a		
b	Credit from Form 8834, line 29.....	5b		
c	General business credit (attach Form 3800).....	5c		
d	Credit for prior year minimum tax (attach Form 8827).....	5d		
e	Bond credits from Form 8912.....	5e		
6	<b>Total credits.</b> Add lines 5a through 5e.....		6	
7	Subtract line 6 from line 4.....		7	
8	Personal holding company tax (attach Schedule PH (Form 1120)).....		8	
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule).....		9	
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31.....		10	0.

**Schedule K Other Information** (see instructions)

1	Check accounting method a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 541600		
b	Business activity ▶ Consulting		
c	Product or service ▶ Geophysical Consult		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?..... If 'Yes,' enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G).....		X
b	Did any individual or estate own, directly 20% or more, or own directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G).....	X	
5	At the end of the tax year, did the corporation:		
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions..... If 'Yes,' complete (i) through (iv)		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

**Schedule K** Continued

- b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership see instructions. X
- If 'Yes,' complete (i) through (iv)

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

<p><b>6</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)</p> <p>If 'Yes,' file <b>Form 5452</b>, Corporate Report of Nondividend Distributions.</p> <p>If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary</p> <p><b>7</b> At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of <b>(a)</b> the total voting power of all classes of the corporation's stock entitled to vote or <b>(b)</b> the total value of all classes of the corporation's stock?</p> <p>For rules of attribution see section 318. If 'Yes,' enter:</p> <p><b>(i)</b> Percentage owned ▶ _____ and <b>(ii)</b> Owner's country ▶ _____</p> <p><b>(c)</b> The corporation may have to file <b>Form 5472</b>, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____</p> <p><b>8</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/></p> <p>If checked, the corporation may have to file <b>Form 8281</b>, Information Return for Publicly Offered Original Issue Discount Instruments.</p> <p><b>9</b> Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ None</p> <p><b>10</b> Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>8</u></p> <p><b>11</b> If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/></p> <p>If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.</p> <p><b>12</b> Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____ None</p> <p><b>13</b> Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year <b>and</b> its total assets at the end of the tax year less than \$250,000?</p> <p>If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ _____</p> <p><b>14</b> Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?</p> <p>If 'Yes,' complete and attach Schedule UTP.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>
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Form 1120 (2010)



Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash.....		342,868.		814,433.
2a	Trade notes and accounts receivable.....	3,908,828.		73,290.	
b	Less allowance for bad debts.....		3,908,828.		73,290.
3	Inventories.....				
4	U.S. government obligations.....				
5	Tax-exempt securities (see instructions).....				
6	Other current assets (attach schedule)..... See St. 4.		136,710.		96,066.
7	Loans to shareholders.....				
8	Mortgage and real estate loans.....				
9	Other investments (attach schedule).....				
10a	Buildings and other depreciable assets.....	49,150.		49,150.	
b	Less accumulated depreciation.....	14,294.	34,856.	28,775.	20,375.
11a	Depletable assets.....				
b	Less accumulated depletion.....				
12	Land (net of any amortization).....				
13a	Intangible assets (amortizable only).....				
b	Less accumulated amortization.....				
14	Other assets (attach schedule)..... See St. 5.		6,342.		6,343.
15	Total assets.....		4,429,604.		1,010,507.
Liabilities and Shareholders' Equity					
16	Accounts payable.....		198,623.		513,398.
17	Mortgages, notes, bonds payable in less than 1 year.....				
18	Other current liabilities (attach sch)..... See St. 6.		2,085,798.		251,897.
19	Loans from shareholders.....				
20	Mortgages, notes, bonds payable in 1 year or more.....				
21	Other liabilities (attach schedule).....				
22	Capital stock: a Preferred stock.....	990,000.		620,000.	
	b Common stock.....	22,899.	1,012,899.	22,899.	642,899.
23	Additional paid-in capital.....		155,781.		155,781.
24	Retained earnings — Approp (att sch).....				
25	Retained earnings — Unappropriated.....		976,503.		-553,468.
26	Adjmnt to shareholders' equity (att sch).....				
27	Less cost of treasury stock.....				
28	Total liabilities and shareholders' equity.....		4,429,604.		1,010,507.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books.....	-1,412,569.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books.....	86,816.		Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains ..			-----	
4	Income subject to tax not recorded on books this year (itemize):			-----	
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation..... \$ _____		a	Depreciation.. \$ _____	
b	Charitable contributions.. \$ _____ 24,000.		b	Charitable contribns \$ _____	
c	Travel & entertainment .. \$ _____ 5,672.			-----	
	-----			-----	
	29,672.		9	Add lines 7 and 8.....	0.
6	Add lines 1 through 5.....	-1,296,081.	10	Income (page 1, line 28) — line 6 less line 9.....	-1,296,081.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year.....	976,503.	5	Distributions..... a Cash.....	117,402.
2	Net income (loss) per books.....	-1,412,569.	b	Stock..... c Property ..	
3	Other increases (itemize):		6	Other decreases (itemize):	
	-----			-----	
	-----		7	Add lines 5 and 6.....	117,402.
4	Add lines 1, 2, and 3.....	-436,066.	8	Balance at end of year (line 4 less line 7).....	-553,468.

Department of the Treasury  
Internal Revenue Service

► See instructions.

OMB No. 1545-0123

2010

Name \_\_\_\_\_

Employer identification number (EIN)

KJT Enterprises, Inc.

76-0621461

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

[illegible]

Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

[illegible]

**Depreciation and Amortization**  
**(Including Information on Listed Property)**

▶ See separate instructions. ▶ Attach to your tax return.

**2010**Attachment  
Sequence No. **67**

Name(s) shown on return

KJT Enterprises, Inc.

Identifying number

76-0621461

Business or activity to which this form relates

Form 1120

**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions) .....	1	
2	Total cost of section 179 property placed in service (see instructions) .....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) .....	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- .....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions. ....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29. ....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7. ....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8. ....	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562. ....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs). .	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11. ....	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12. .... ▶	13	

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) .....	14	
15	Property subject to section 168(f)(1) election .....	15	
16	Other depreciation (including ACRS) .....	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2010 .....	17	14,481.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. .... ▶ <input type="checkbox"/>		

**Section B — Assets Placed in Service During 2010 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property .....						
b 5-year property .....						
c 7-year property .....						
d 10-year property .....						
e 15-year property .....						
f 20-year property .....						
g 25-year property .....			25 yrs		S/L	
h Residential rental property .....			27.5 yrs	MM	S/L	
i Nonresidential real property .....			39 yrs	MM	S/L	
				MM	S/L	

**Section C — Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System**

20a Class life .....					S/L	
b 12-year .....			12 yrs		S/L	
c 40-year .....			40 yrs	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28. ....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions .....	22	14,481.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .....	23	

KJT Enterprises, Inc.

76-0621461

**Statement 1**  
**Form 1120, Line 10**  
**Other Income**

Refunds/Allowances.....	\$	4,250.
Texas Mutual Dividend.....		1,153.
<b>Total</b>	<b>\$</b>	<b>5,403.</b>

**Statement 2**  
**Form 1120, Line 26**  
**Other Deductions**

401K Match.....	\$	46,100.
Account fees.....		1,858.
Auto & Parking.....		21,270.
Bank Charges.....		1,682.
Commissions & Fees.....		14,497.
Computer Software.....		2,364.
Computer Supplies.....		5,865.
Computer Support.....		9,838.
Deferred Comp.....		40,229.
Dues and Subscriptions.....		342.
Education.....		11,003.
Gas.....		334.
Insurance.....		6,533.
Legal and Professional.....		49,386.
Marketing.....		21,552.
Meals and Entertainment.....		5,672.
Medical Benefits.....		51,487.
Mileage.....		1,639.
Office Equipment.....		3,071.
Office Expense.....		161.
Penalties & Settlements.....		2.
Postage & Shipping.....		303.
Professional Education.....		379.
Professional Services.....		37,170.
Professional Society.....		5,347.
RXT Project Cancellation Net Costs.....		189,546.
Shipping & Delivery.....		2,749.
Stationery & Printing.....		61.
Supplies.....		3,496.
Telecommunications.....		14,585.
Travel.....		46,463.
Utilities.....		2,483.
<b>Total</b>	<b>\$</b>	<b>597,467.</b>

**Statement 3**  
**Form 1120, Schedule A, Line 5**  
**Other Cost of Goods Sold**

Inventory Shrinkage.....	\$	-11,550.
Project Cost.....		303,069.
Project Equipment.....		239,467.
Purchases.....		35,065.
<b>Total</b>	<b>\$</b>	<b>566,051.</b>



KJT Enterprises, Inc.

76-0621461

Statement 4  
Form 1120, Schedule L, Line 6  
Other Current Assets

	Beginning	Ending
FIT Deposits.....	\$ 136,710.	\$ 43,408.
Inventory Asset.....	0.	23,108.
Prepaid Expenses.....	0.	29,550.
Total	<u>\$ 136,710.</u>	<u>\$ 96,066.</u>

Statement 5  
Form 1120, Schedule L, Line 14  
Other Assets

	Beginning	Ending
Investment in LEMI.....	\$ 6,342.	\$ 6,342.
Rounding.....	0.	1.
Total	<u>\$ 6,342.</u>	<u>\$ 6,343.</u>

Statement 6  
Form 1120, Schedule L, Line 18  
Other Current Liabilities

	Beginning	Ending
401(K) Company Match.....	\$ 113,409.	\$ 52,359.
Accrued Project Costs.....	1,622,430.	3,785.
Accrued Expenses.....	20,262.	0.
Credit Cards.....	3,227.	2,409.
Dividend Payable.....	0.	26,350.
Other.....	317,035.	3,417.
Payroll Clearing.....	9,435.	39,492.
Prepaid Revenue.....	0.	124,085.
Total	<u>\$ 2,085,798.</u>	<u>\$ 251,897.</u>

TX2011

Ver. 2.0 05-102  
(9-09/29)**TEXAS FRANCHISE TAX PUBLIC INFORMATION REPORT**

To be filed by Corporations, Limited Liability Companies (LLCS) and Financial Institutions

This report **MUST** be signed and filed to satisfy franchise tax requirements

■ Tcode 13196

■ Taxpayer number

17606214611

■ Report year

2011

**You have certain rights** under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at: (512) 463-4600, or (800) 252-1381, toll free nationwide.

Taxpayer name

KJT Enterprises, Inc.

Mailing address

6420 Richmond Avenue, Suite 610

Secretary of State file number or  
Comptroller file number

City

Houston

State

TX

ZIP Code

77057

Plus 4

0154683000

☐ Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office

1303 Warwickshire Drive, Houston, TX 77077

Principal place of business

6420 Richmond Avenue, Suite 610, Houston, TX 77057

**Please sign below!**

Officer, director, and member information is reported as of the date a Public Information Report is completed. The information is updated annually as part of the franchise tax report. There is no requirement or procedure for supplementing the information as officers, directors, or members change throughout the year.



1760621461111

**SECTION A** Name, title and mailing address of each officer, director or member.

Name Kurt Martin Strack	Title President	Director <input checked="" type="checkbox"/> Yes	Term expiration m m d d y y
Mailing address 1303 Warwickshire Drive	City Houston	State TX	ZIP Code 77077
Name	Title	Director <input type="checkbox"/> Yes	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director <input type="checkbox"/> Yes	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

**SECTION B** Enter the information required for each corporation or LLC, if any, in which this entity owns an interest of ten percent (10%) or more.

Name of owned (subsidiary) corporation or limited liability company	State of formation	Texas SOS file number, if any	Percentage of Ownership
Name of owned (subsidiary) corporation or limited liability company	State of formation	Texas SOS file number, if any	Percentage of Ownership

**SECTION C** Enter the information required for each corporation or LLC, if any, that owns an interest of ten percent (10%) or more in this entity or limited liability company.

Name of owned (parent) corporation or limited liability company	State of formation	Texas SOS file number, if any	Percentage of Ownership
-----------------------------------------------------------------	--------------------	-------------------------------	-------------------------

Registered agent and registered office currently on file. (See instructions if you need to make changes)

Agent: Kurt Martin Strack

☐ Check box if you need forms to change the registered agent or registered office information.

Office:

1303 Warwickshire Drive

City

Houston

State

TX

ZIP Code

77077

The above information is required by Section 171.203 of the Tax Code for each corporation or limited liability company that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director or member and who is not currently employed by this, or a related, corporation or limited liability company.

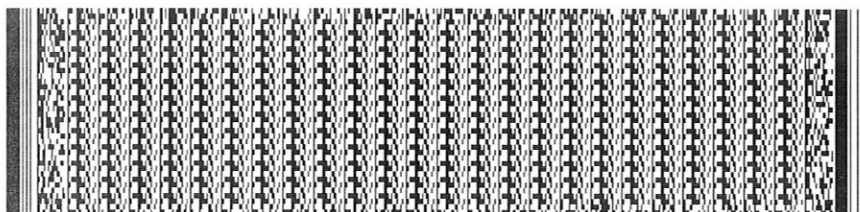
sign  
here ▶

Title

President

Date

Area code and phone number

**Texas Comptroller Official Use Only**

VE/DE	<input type="radio"/>	PIR IND	<input type="radio"/>
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**TEXAS FRANCHISE TAX  
NO TAX DUE INFORMATION REPORT**

■ Tcode 13255 Annual

■ Taxpayer number	■ Report year	Due date	Privilege period covered by this report
17606214611	2011	05/16/2011	01/01/2011 - 12/31/2011

Taxpayer name KJT Enterprises, Inc.					Secretary of State file number or Comptroller file number	
Mailing address 6420 Richmond Avenue, Suite 610					0154683000	
City Houston	State TX	Country United States	ZIP code 77057	Plus 4	Check box if the address has changed ■ <input type="checkbox"/>	
Check box if this is a combined report. .... ■ <input type="checkbox"/>				SIC code		NAICS code
				■ 8748		■ 541600
Check box if Total Revenue is adjusted for Tiered Partnership Election, see instructions. .... ■ <input type="checkbox"/>				Check box to request a Certificate of Account Status .... ■ <input type="checkbox"/>		
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>				Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

If any of the statements below are true, you qualify to file this **No Tax Due Information Report**:  
(Check all boxes that apply)

1. This entity is a passive entity as defined in Chapter 171 of the Texas Tax Code. (See instructions)..... 1. ■ ☐  
(Passive income does NOT include rent.)
2. This entity's annualized total revenue is below the no tax due threshold. (See instructions)..... 2. ■ ☒
3. This entity has zero Texas Gross Receipts..... 3. ■ ☐
4. This entity is a Real Estate Investment Trust (REIT) that meets the qualifications specified  
in section 171.0002(c)(4)..... 4. ■ ☐

5a. Accounting year  
begin date m m d d y y  
5a. ■ 010110

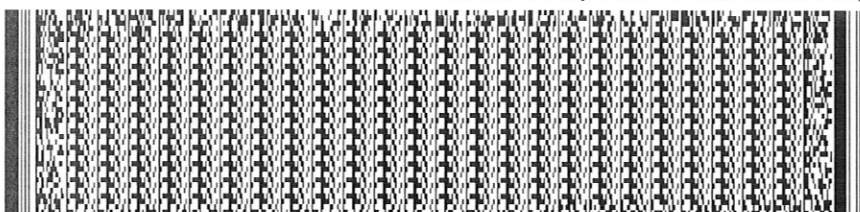
5b. Accounting year  
end date m m d d y y  
5b. ■ 123110

6. TOTAL REVENUE (Whole dollars only)..... 6. ■ 711277. 00

Print or type name		Area code and phone number	
I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief.		Mail original to: COMPTROLLER OF PUBLIC ACCOUNTS P.O. Box 149348 Austin, TX 78714-9348	
sign here ▶	Date		

If you have any questions regarding franchise tax, you may contact the Texas State Comptroller's field office in your area or call (800) 252-1381 or (512) 463-4600.  
Instructions for each report year are online at <<http://www.window.state.tx.us/taxinfo/taxforms/05-forms.html>>.

**Texas Comptroller Official Use Only**



VE/DE	○
PM Date	



BAA For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. CPCA0205L 10/21/09 Form 1120 (2009)

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year.....	1	
2	Purchases.....	2	
3	Cost of labor.....	3	
4	Additional section 263A costs (attach schedule).....	4	
5	Other costs (attach schedule).....	5	See Statement 3
6	<b>Total.</b> Add lines 1 through 5.....	6	2,959,979.
7	Inventory at end of year.....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	2,959,979.

**9a** Check all methods used for valuing closing inventory:

- (i) ☐ Cost  
(ii) ☐ Lower of cost or market  
(iii) ☐ Other (Specify method used and attach explanation.).....

b Check if there was a writedown of subnormal goods..... ☐c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ☐d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO..... **9d**e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?..... ☐ Yes ☒ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation..... ☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock).....		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock).....		80	
3 Dividends on debt-financed stock of domestic and foreign corporations.....		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities.....		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities.....		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs.....		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs.....		80	
8 Dividends from wholly owned foreign subsidiaries.....		100	
9 <b>Total.</b> Add lines 1 through 8. See instructions for limitation.....			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958.....		100	
11 Dividends from affiliated group members.....		100	
12 Dividends from certain FSCs.....		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12.....			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471).....			
15 Foreign dividend gross-up.....			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3.....			
17 Other dividends.....			
18 Deduction for dividends paid on certain preferred stock of public utilities.....			
19 <b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4.....			
20 <b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b.....			

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Kurt Martin Strack	521-27-0725	100 %	89.00 %	0.00 %	83,631.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	<b>Total compensation of officers.</b> .....					83,631.
3	<b>Compensation of officers claimed on Schedule A and elsewhere on return</b> .....					
4	<b>Subtract line 3 from line 2. Enter the result here and on page 1, line 12.</b> .....					83,631.

Form 1120 (2009)

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions).	<input type="checkbox"/>	86,816.
3	Alternative minimum tax (attach Form 4626).		
4	Add lines 2 and 3.		86,816.
5a	Foreign tax credit (attach Form 1118).	5a	
5b	Credit from Form 8834, line 29.	5b	
5c	General business credit (attach Form 3800).	5c	
5d	Credit for prior year minimum tax (attach Form 8827).	5d	
5e	Bond credits from Form 8912.	5e	
6	<b>Total credits.</b> Add lines 5a through 5e.	6	
7	Subtract line 6 from line 4.	7	86,816.
8	Personal holding company tax (attach Schedule PH (Form 1120)).	8	
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)	9	
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31.	10	86,816.

**Schedule K Other Information** (see instructions)

1	Check accounting method a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
	a Business activity code no. <u>541600</u>		
	b Business activity <u>Consulting</u>		
	c Product or service <u>Geophysical Consult</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____		X
4	At the end of the tax year:		
	a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G).		X
	b Did any individual or estate own, directly 20% or more, or own directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G).	X	
5	At the end of the tax year, did the corporation:	Yes	No
	a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership see instructions. If 'Yes,' complete (i) through (iv)		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

**Schedule K** | Continued

**b** Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership see instructions. X  
 If 'Yes,' complete (i) through (iv)

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

**6** During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) X  
 If 'Yes,' file **Form 5452**, Corporate Report of Nondividend Distributions.

If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary

**7** At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? X

For rules of attribution see section 318. If 'Yes,' enter:

(i) Percentage owned ▶ \_\_\_\_\_ and (ii) Owner's country ▶ \_\_\_\_\_

(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ \_\_\_\_\_

**8** Check this box if the corporation issued publicly offered debt instruments with original issue discount. ☐ None

If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.

**9** Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ \_\_\_\_\_ None

**10** Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 8

**11** If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. ☐ None

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

**12** Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a) ▶ \$ \_\_\_\_\_ None

**13** Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? X

If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ \_\_\_\_\_



Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash .....		571,246.		342,868.
2a	Trade notes and accounts receivable .....	2,389,050.		3,908,828.	
b	Less allowance for bad debts .....		2,389,050.		3,908,828.
3	Inventories .....				
4	U.S. government obligations .....				
5	Tax-exempt securities (see instructions) .....				
6	Other current assets (attach schedule) .. See St. 4		40,848.		136,710.
7	Loans to shareholders .....				
8	Mortgage and real estate loans .....				
9	Other investments (attach schedule) .....				
10a	Buildings and other depreciable assets .....	22,319.		49,150.	
b	Less accumulated depreciation .....	4,464.	17,855.	14,294.	34,856.
11a	Depletable assets .....				
b	Less accumulated depletion .....				
12	Land (net of any amortization) .....				
13a	Intangible assets (amortizable only) .....				
b	Less accumulated amortization .....				
14	Other assets (attach schedule) .. See St. 5		6,342.		6,342.
15	Total assets .....		3,025,341.		4,429,604.
Liabilities and Shareholders' Equity					
16	Accounts payable .....		646,095.		198,623.
17	Mortgages, notes, bonds payable in less than 1 year .....				
18	Other current liabilities (attach sch.) .. See St. 6		1,302,649.		2,085,798.
19	Loans from shareholders .....				
20	Mortgages, notes, bonds payable in 1 year or more .....				
21	Other liabilities (attach schedule) .....				
22	Capital stock: a Preferred stock .....			990,000.	
	b Common stock .....	22,899.	22,899.	22,899.	1,012,899.
23	Additional paid-in capital .....		155,781.		155,781.
24	Retained earnings — Approp (att sch) .....				
25	Retained earnings — Unappropriated .....		897,917.		976,503.
26	Adjmnt to shareholders' equity (att sch) .....				
27	Less cost of treasury stock .....				
28	Total liabilities and shareholders' equity .....		3,025,341.		4,429,604.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books .....	77,334.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books .....	182,682.		Tax-exempt interest \$ .....	
3	Excess of capital losses over capital gains .....				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation .....	\$ .....	a	Depreciation .....	\$ .....
b	Charitable contributions .....	\$ .....	b	Charitable contribns .....	\$ .....
c	Travel & entertainment .....	\$ 5,538.			
		5,538.	9	Add lines 7 and 8 .....	0.
6	Add lines 1 through 5 .....	265,554.	10	Income (page 1, line 28) — line 6 less line 9 .....	265,554.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year .....	897,917.	5	Distributions .....	a Cash ...	
2	Net income (loss) per books .....	77,334.		b Stock .....	c Property ..	
3	Other increases (itemize):		6	Other decreases (itemize):		
			7	Add lines 5 and 6 .....		
Statement 7		1,252.	8	Balance at end of year (line 4 less line 7) .....		976,503.
4	Add lines 1, 2, and 3 .....	976,503.				

**Alternative Minimum Tax — Corporations**

OMB No. 1545-0175

Department of the Treasury  
Internal Revenue Service▶ See separate instructions.  
▶ Attach to the corporation's tax return.**2009**

Name

KJT Enterprises, Inc.

Employer identification number

76-0621461

**Part I Alternative Minimum Tax Computation****Note:** See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

<b>1</b> Taxable income or (loss) before net operating loss deduction .....	<b>1</b>	265,554.
<b>2 Adjustments and preferences:</b>		
<b>a</b> Depreciation of post-1986 property .....	<b>2a</b>	2,797.
<b>b</b> Amortization of certified pollution control facilities .....	<b>2b</b>	
<b>c</b> Amortization of mining exploration and development costs .....	<b>2c</b>	
<b>d</b> Amortization of circulation expenditures (personal holding companies only) .....	<b>2d</b>	
<b>e</b> Adjusted gain or loss .....	<b>2e</b>	
<b>f</b> Long-term contracts .....	<b>2f</b>	
<b>g</b> Merchant marine capital construction funds .....	<b>2g</b>	
<b>h</b> Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) .....	<b>2h</b>	
<b>i</b> Tax shelter farm activities (personal service corporations only) .....	<b>2i</b>	
<b>j</b> Passive activities (closely held corporations and personal service corporations only) .....	<b>2j</b>	
<b>k</b> Loss limitations .....	<b>2k</b>	
<b>l</b> Depletion .....	<b>2l</b>	
<b>m</b> Tax-exempt interest income from specified private activity bonds .....	<b>2m</b>	
<b>n</b> Intangible drilling costs .....	<b>2n</b>	
<b>o</b> Other adjustments and preferences .....	<b>2o</b>	-23,572.
<b>3</b> Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2a .....	<b>3</b>	244,779.
<b>4 Adjusted current earnings (ACE) adjustment:</b>		
<b>a</b> ACE from line 10 of the ACE worksheet in the instructions .....	<b>4a</b>	244,779.
<b>b</b> Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions) .....	<b>4b</b>	
<b>c</b> Multiply line 4b by 75% (.75). Enter the result as a positive amount .....	<b>4c</b>	
<b>d</b> Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). <b>Note:</b> You <i>must</i> enter an amount on line 4d (even if line 4b is positive) .....	<b>4d</b>	0.
<b>e</b> ACE adjustment.		
• If line 4b is zero or more, enter the amount from line 4c .....	<b>4e</b>	0.
• If line 4b is less than zero, enter the <b>smaller</b> of line 4c or line 4d as a negative amount .....		
<b>5</b> Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT .....	<b>5</b>	244,779.
<b>6</b> Alternative tax net operating loss deduction (see instructions) .....	<b>6</b>	
<b>7</b> <b>Alternative minimum taxable income.</b> Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions. ....	<b>7</b>	244,779.
<b>8</b> <b>Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
<b>a</b> Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- .....	<b>8a</b>	94,779.
<b>b</b> Multiply line 8a by 25% (.25) .....	<b>8b</b>	23,695.
<b>c</b> Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- .....	<b>8c</b>	16,305.
<b>9</b> Subtract line 8c from line 7. If zero or less, enter -0- .....	<b>9</b>	228,474.
<b>10</b> If the corporation had qualified timber gain, complete Part II and enter the amount from line 24 here. Otherwise, multiply line 9 by 20% (.20) .....	<b>10</b>	45,695.
<b>11</b> Alternative minimum tax foreign tax credit (AMTFTC) (see instructions) .....	<b>11</b>	
<b>12</b> Tentative minimum tax. Subtract line 11 from line 10 .....	<b>12</b>	45,695.
<b>13</b> Regular tax liability before applying all credits except the foreign tax credit .....	<b>13</b>	86,816.
<b>14</b> <b>Alternative minimum tax.</b> Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return .....	<b>14</b>	0.

BAA For Paperwork Reduction Act Notice, see the instructions.

Form **4626** (2009)

Department of the Treasury  
Internal Revenue Service

- ▶ Attach to Form 1120.
- ▶ See Instructions.

OMB No. 1545-0123

2009

KJT Enterprises, Inc.

76-0621461

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

[illegible]

Complete columns (i) through (v) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

[illegible]

**Underpayment of Estimated Tax by Corporations**

► See separate instructions.  
► Attach to the corporation's tax return.

**2009**

Name

KJT Enterprises, Inc.

Employer identification number

76-0621461

**Note:** Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

**Part I Required Annual Payment**

1	Total tax (see instructions).....	1	86,816.
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1.....	2a	
b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method.....	2b	
c	Credit for federal tax paid on fuels (see instructions).....	2c	
d	<b>Total.</b> Add lines 2a through 2c.....	2d	
3	Subtract line 2d from line 1. If the result is less than \$500, <b>do not</b> complete or file this form. The corporation does not owe the penalty.....	3	86,816.
4	Enter the tax shown on the corporation's 2008 income tax return (see instructions). <b>Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5.</b> .....	4	182,277.
5	<b>Required annual payment.</b> Enter the <b>smaller</b> of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3.....	5	86,816.

**Part II Reasons for Filing** — Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220, even if it does not owe a penalty (see instructions).

- 6 ☐ The corporation is using the adjusted seasonal installment method.
- 7 ☐ The corporation is using the annualized income installment method.
- 8 ☐ The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

**Part III Figuring the Underpayment**

	(a)	(b)	(c)	(d)	
9 <b>Installment due dates.</b> Enter in columns (a) through (d) the 15th day of the 4th ( <b>Form 990 – PF filers:</b> Use 5th month), 6th, 9th, and 12th months of the corporation's tax year.....	9	4/15/09	6/15/09	9/15/09	12/15/09
10 <b>Required installments.</b> If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column.....	10	21,704.	21,704.	21,704.	21,704.
11 <b>Estimated tax paid or credited for each period</b> (see instructions). For column (a) only, enter the amount from line 11 on line 15.....	11		91,140.	45,570.	
<b>Complete lines 12 through 18 of one column before going to the next column.</b>					
12 Enter amount, if any, from line 18 of the preceding column.....	12			47,732.	71,598.
13 Add lines 11 and 12.....	13		91,140.	93,302.	71,598.
14 Add amounts on lines 16 and 17 of the preceding column.....	14		21,704.		
15 Subtract line 14 from line 13. If zero or less, enter -0-.....	15	0.	69,436.	93,302.	71,598.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-.....	16		0.	0.	
17 <b>Underpayment.</b> If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18.....	17	21,704.			
18 <b>Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.....	18		47,732.	71,598.	

Go to **Part IV** on page 2 to figure the penalty. Do not go to **Part IV** if there are no entries on line 17 – no penalty is owed.

**Part IV Figuring the Penalty**

	(a)	(b)	(c)	(d)
<b>19</b> Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). ( <i>Form 990-PF and Form 990-T filers:</i> Use 5th month instead of 3rd month.)	<b>19</b> 4/16/09			
<b>20</b> Number of days from due date of installment on line 9 to the date shown on line 19	<b>20</b> 1			
<b>21</b> Number of days on line 20 after 4/15/2009 and before 7/1/2009	<b>21</b> 1			
<b>22</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 21}}{365} \times 4\%$	<b>22</b> 2.38			
<b>23</b> Number of days on line 20 after 6/30/2009 and before 10/1/2009	<b>23</b>			
<b>24</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 23}}{365} \times 4\%$	<b>24</b>			
<b>25</b> Number of days on line 20 after 9/30/2009 and before 1/1/2010	<b>25</b>			
<b>26</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 25}}{365} \times 4\%$	<b>26</b>			
<b>27</b> Number of days on line 20 after 12/31/2009 and before 4/1/2010	<b>27</b>			
<b>28</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 27}}{365} \times 4\%$	<b>28</b>			
<b>29</b> Number of days on line 20 after 3/31/2010 and before 7/1/2010	<b>29</b>			
<b>30</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 29}}{365} \times \%$	<b>30</b>			
<b>31</b> Number of days on line 20 after 6/30/2010 and before 10/1/2010	<b>31</b>			
<b>32</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 31}}{365} \times \%$	<b>32</b>			
<b>33</b> Number of days on line 20 after 9/30/2010 and before 1/1/2011	<b>33</b>			
<b>34</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 33}}{365} \times \%$	<b>34</b>			
<b>35</b> Number of days on line 20 after 12/31/2010 and before 2/16/2011	<b>35</b>			
<b>36</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 35}}{365} \times \%$	<b>36</b>			
<b>37</b> Add lines 22, 24, 26, 28, 30, 32, 34, and 36	<b>37</b> 2.38			
<b>38</b> <b>Penalty.</b> Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns.	<b>38</b>			2.

\*Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-4933 to get interest rate information.

Form **4562**Department of the Treasury  
Internal Revenue Service (99)**Depreciation and Amortization**  
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2009**Attachment  
Sequence No. **67**

Name(s) shown on return

KJT Enterprises, Inc.

Identifying number

76-0621461

Business or activity to which this form relates

Form **1120****Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses .....	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions) .....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions) .....	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- .....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions .....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29 .....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 .....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8 .....	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562 .....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) ..	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 .....	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 .....	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) .....	14	
15	Property subject to section 168(f)(1) election .....	15	
16	Other depreciation (including ACRS) .....	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009 .....	17	4,464.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> .....		

**Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property .....						
b 5-year property .....		26,831.	5	MQ	200DB	5,366.
c 7-year property .....						
d 10-year property .....						
e 15-year property .....						
f 20-year property .....						
g 25-year property .....			25 yrs		S/L	
h Residential rental property .....			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property .....			39 yrs	MM	S/L	
				MM	S/L	

**Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System**

20a Class life .....				S/L	
b 12-year .....			12 yrs	S/L	
c 40-year .....			40 yrs	MM	S/L

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28 .....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions .....	22	9,830.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .....	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDI0812L 07/07/09

Form **4562** (2009)

KJT Enterprises, Inc.

76-0621461

**Statement 1**  
**Form 1120, Line 10**  
**Other Income**

Refunds/Allowances.....	\$	8,932.
Texas Mutual Dividend.....		851.
Total	\$	<u>9,783.</u>

**Statement 2**  
**Form 1120, Line 26**  
**Other Deductions**

401K Match.....	\$	114,350.
Account fees.....		1,677.
Auto and Truck.....		17,496.
Bank Charges.....		1,658.
Business Development.....		726.
Computer Software.....		240.
Computer Supplies.....		4,264.
Computer Support.....		100.
Deferred Comp.....		317,035.
Education.....		42,889.
Gas.....		1,141.
Insurance.....		9,752.
Legal and Professional.....		30,309.
Marketing.....		12,756.
Meals and Entertainment.....		5,539.
Medical Benefits.....		76,726.
Mileage.....		625.
Office Equipment.....		758.
Office Expense.....		506.
Parking & Tolls.....		356.
Postage.....		34.
Professional Education.....		1,588.
Professional Society.....		4,664.
Seminar.....		4,746.
Shipping & Delivery.....		3,365.
Stationery & Printing.....		431.
Supplies.....		11,209.
Telecommunications.....		18,536.
Utilities.....		448.
Total	\$	<u>683,924.</u>

**Statement 3**  
**Form 1120, Schedule A, Line 5**  
**Other Cost of Goods Sold**

Professional Services.....	\$	163,230.
Project Billed Wages.....		969,059.
Project Expense.....		1,727,007.
Project Miscellaneous Cost.....		21,890.
Travel.....		78,793.
Total	\$	<u>2,959,979.</u>



KJT Enterprises, Inc.

76-0621461

**Statement 4**  
**Form 1120, Schedule L, Line 6**  
**Other Current Assets**

	<u>Beginning</u>	<u>Ending</u>
FIT Deposits.....	\$ 40,848.	\$ 136,710.
Total	<u>\$ 40,848.</u>	<u>\$ 136,710.</u>

**Statement 5**  
**Form 1120, Schedule L, Line 14**  
**Other Assets**

	<u>Beginning</u>	<u>Ending</u>
Investment in LEMI.....	\$ 6,342.	\$ 6,342.
Total	<u>\$ 6,342.</u>	<u>\$ 6,342.</u>

**Statement 6**  
**Form 1120, Schedule L, Line 18**  
**Other Current Liabilities**

	<u>Beginning</u>	<u>Ending</u>
401(K) Company Match.....	\$ 107,250.	\$ 113,409.
Accrued Project Costs.....	565,000.	1,622,430.
Accrued Expenses.....	0.	20,262.
Cancellation Of Project Costs.....	616,905.	0.
Credit Cards.....	9,549.	3,227.
Other.....	0.	317,035.
Payroll Clearing.....	3,945.	9,435.
Total	<u>\$ 1,302,649.</u>	<u>\$ 2,085,798.</u>

**Statement 7**  
**Form 1120, Schedule M-2, Line 3**  
**Other Increases**

Prior Period Adjustment.....	\$ 1,252.
Total	<u>\$ 1,252.</u>

2009

Federal Supporting Detail

Page 1

KJT Enterprises, Inc.

76-0621461

Deductions  
Insurance

Insurance - Liability.....	\$	3,486.
Insurance - Workers Comp.....		6,266.
Total	\$	<u>9,752.</u>

***2008 Corporate Return***

prepared for:

***KJT Enterprises, Inc.***

***KMS Technologies***

6420 Richmond Avenue, Suite 610  
Houston, TX 77057

***Breland & Breland, Attny at Law***

2207 Hermann Dr.  
Houston, TX 77004

KJT Enterprises, Inc.

76-0621461

	2008	2007	Diff
<b>INCOME</b>			
Gross receipts less returns/allowance....	7,766,868	2,615,330	5,151,538
Cost of goods sold (Schedule A).....	5,102,578	1,421,001	3,681,577
Gross Profit.....	2,664,290	1,194,329	1,469,961
Interest.....	8,790	12,443	-3,653
Other income.....	106	0	106
Total income.....	2,673,186	1,206,772	1,466,414
<b>DEDUCTIONS</b>			
Compensation of officers.....	103,125	109,402	-6,277
Salaries/wages less employment credits..	1,326,187	522,298	803,889
Repairs and maintenance.....	937	195	742
Rents.....	82,999	42,762	40,237
Taxes and licenses.....	121,472	60,826	60,646
Contributions.....	12,256	1,715	10,541
Depreciation.....	4,464	0	4,464
Advertising.....	12,906	6,319	6,587
Pension, profit-sharing, etc. plans.....	107,250	75,274	31,976
Employee benefit programs.....	10,109	33,073	-22,964
Other deductions.....	355,371	207,229	148,142
Total deductions.....	2,137,076	1,059,093	1,077,983
<b>TAXABLE INCOME</b>			
Taxable income (line 28).....	536,110	147,679	388,431
Taxable income.....	536,110	147,679	388,431
<b>TAX COMPUTATION</b>			
Income tax.....	182,277	40,845	141,432
Total tax.....	182,277	40,845	141,432
<b>PAYMENTS AND CREDITS</b>			
Estimated tax payments.....	40,848	41,844	-996
Total payments and credits.....	40,848	41,844	-996
<b>REFUND OR AMOUNT DUE</b>			
Overpayment.....	0	840	-840
Underpayment penalty.....	405	159	246
Tax due.....	141,834	0	141,834
Refund.....	0	840	-840
<b>SCHEDULE L</b>			
Beginning Assets.....	2,017,576	865,592	1,151,984
Beginning Liabilities & Equity.....	2,017,576	865,592	1,151,984
Ending Assets.....	3,025,341	2,017,576	1,007,765
Ending Liabilities & Equity.....	3,025,341	2,017,576	1,007,765
<b>TAX RATES</b>			
Marginal tax rate.....	34.0%	39.0%	-5.0%
Effective tax rate.....	34.0%	27.7%	6.3%

KJT Enterprises, Inc.

76-0621461

**ENDING ASSETS**

Cash.....		571,246
Accounts receivable.....	2,389,050	
Less: Allowance for bad debts.....	(0)	2,389,050
Other current assets.....		40,848
Buildings and other assets.....	22,319	
Less: Accumulated depreciation.....	(4,464)	17,855
Other assets.....		6,342
Total Assets.....		3,025,341

**ENDING LIABILITIES & EQUITY**

Accounts payable.....		646,095
Other current liabilities.....		1,302,649
Common stock.....	22,899	22,899
Additional paid-in capital.....		155,781
Unappropriated retained earnings.....		897,917
Total Liabilities and Equity.....		3,025,341

**2008****General Information****Page 1**

KJT Enterprises, Inc.

76-0621461

**Forms needed for this return**

Federal: 1120, 1120-W, 2220, 4562, 4626

**Tax Rates**

	<u>Marginal</u>	<u>Effective</u>
Federal	34%	34%
Texas	1%	1%

**Underpayment Penalty**

Federal 405.

**Carryovers to 2009**

None

**Estimates****Federal Estimates**

	<u>Estimate</u>	<u>Overpayment</u>	<u>Balance</u>
4/15/09	25,000.	0.	25,000.
6/15/09	66,140.	0.	66,140.
9/15/09	45,570.	0.	45,570.
12/15/09	45,570.	0.	45,570.
Total	<u>\$ 182,280.</u>	<u>\$ 0.</u>	<u>\$ 182,280.</u>

**Estimated Tax for Corporations**

OMB No. 1545-0975

For calendar year 2009, or tax year

beginning \_\_\_\_\_, 2009, and ending \_\_\_\_\_,

(Keep for the corporation's records – Do not send to the Internal Revenue Service.)

**2009**

Name

KJT Enterprises, Inc.

Employer Identification No.

76-0621461

**Part I Estimated Tax Computation**

1	Taxable income expected for the tax year	1	536,110.	
Qualified personal service corporations (defined in the instructions), skip lines 2 through 13 and go to line 14. Members of a controlled group, see instructions.				
2	Enter the <b>smaller</b> of line 1 or \$50,000.	2	50,000.	
3	Multiply line 2 by 15%.	3		7,500.
4	Subtract line 2 from line 1	4	486,110.	
5	Enter the <b>smaller</b> of line 4 or \$25,000.	5	25,000.	
6	Multiply line 5 by 25%.	6		6,250.
7	Subtract line 5 from line 4	7	461,110.	
8	Enter the <b>smaller</b> of line 7 or \$9,925,000.	8	461,110.	
9	Multiply line 8 by 34%.	9		156,777.
10	Subtract line 8 from line 7	10		
11	Multiply line 10 by 35%.	11		
12	If line 1 is greater than \$100,000, enter the <b>smaller</b> of (a) 5% of the excess over \$100,000 or (b) \$11,750. Otherwise, enter -0-.	12		11,750.
13	If line 1 is greater than \$15 million, enter the <b>smaller</b> of (a) 3% of the excess over \$15 million or (b) \$100,000. Otherwise, enter -0-.	13		0.
14	Add lines 3, 6, 9, and 11 through 13. (Qualified personal service corporations, multiply line 1 by 35%.)	14		182,277.
15	Alternative tax. If the corporation has qualified timber gain, complete Part II and enter the amount from line 37 here. Otherwise, skip lines 15 and 16 and go to line 17.	15		
16	Enter smaller of line 14 or line 15.	16		
17	Alternative minimum tax (see instructions).	17		
18	<b>Total.</b> If the corporation has qualified timber gain, add lines 16 and 17. Otherwise, add lines 14 and 17.	18		182,277.
19	Tax credits (see instructions).	19		
20	Subtract line 19 from line 18.	20		182,277.
21	Other taxes (see instructions).	21		
22	<b>Total tax.</b> Add lines 20 and 21.	22		182,277.
23	Credit for federal tax paid on fuels (see instructions).	23		
24	Subtract line 23 from line 22. <b>Note:</b> If the result is less than \$500, the corporation is not required to make estimated tax payments.	24		182,277.
25a	Enter the tax shown on the corporation's 2008 tax return (see instructions). <b>Caution:</b> If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 24 on line 25b.	25a		
b	Enter the <b>smaller</b> of line 24 or line 25a. If the corporation is required to skip line 25a, enter the amount from line 24.	25b		182,280.
		(a)	(b)	(c)
26	<b>Installment due dates</b> (see instructions)	26	4/15/09	6/15/09
				9/15/09
27	<b>Required installments.</b> Enter 25% of line 25b in columns (a) through (d) unless the corporation uses the annualized income installment method or adjusted seasonal installment method or is a 'large corporation' (see instructions).	27	25,000.	66,140.
				45,570.
				45,570.

**BAA For Paperwork Reduction Act Notice, see the separate instructions.**

CPCA0501L 01/22/09

Form **1120-W** (2009)



Form **8879-C****IRS e-file Signature Authorization  
for Form 1120**

OMB No. 1545-1864

Department of the Treasury  
Internal Revenue Service

For calendar year 2008, or tax year beginning \_\_\_\_\_, 2008, ending \_\_\_\_\_, \_\_\_\_\_

▶ **See instructions. Do not send to the IRS. Keep for your records.****2008**

Name of corporation

KJT Enterprises, Inc.

Employer identification number

76-0621461**Part I Tax Return Information** (Whole dollars only)

1	Total income (Form 1120, line 11).....	1	2,673,186.
2	Taxable income (Form 1120, line 30).....	2	536,110.
3	Total tax (Form 1120, line 31).....	3	182,277.
4	Amount owed (Form 1120, line 34).....	4	141,834.
5	Overpayment (Form 1120, line 35).....	5	

**Part II Declaration and Signature Authorization of Officer** (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2008 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at **1-888-353-4537** no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

**Officer's PIN: check one box only**

☒ I authorize Breland & Breland, Attny at Law to enter my PIN 10021 as my signature  
ERO firm name do not enter all zeros  
on the corporation's 2008 electronically filed income tax return.

☐ As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2008 electronically filed income tax return.

Officer's signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_ Title ▶ President

**Part III Certification and Authentication**

**ERO's EFIN/PIN.** Enter your six-digit EFIN followed by your five-digit self-selected PIN ..... 76783719670  
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2008 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub 3112**, IRS e-file Application and Participation, and **Pub 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

**ERO Must Retain This Form — See Instructions  
Do Not Submit This Form to the IRS Unless Requested To Do So**

**BAA For Paperwork Reduction Act Notice, see instructions**Form **8879-C** (2008)

**U.S. Corporation Income Tax Return**  
For calendar year 2008 or tax year beginning \_\_\_\_\_, 2008, ending \_\_\_\_\_, \_\_\_\_\_  
▶ See separate instructions.

OMB No. 1545-0123

**2008**

<b>A Check if:</b> <b>1 a</b> Consolidated return (attach Form 851) <input type="checkbox"/> <b>b</b> Life/nonlife consolidated return <input type="checkbox"/> <b>2</b> Personal holding co (attach Sch PH) <input type="checkbox"/> <b>3</b> Personal service corp (see instr) <input type="checkbox"/> <b>4</b> Schedule M-3 attached <input type="checkbox"/>		<b>Use IRS label. Otherwise, print or type.</b>	<b>KJT Enterprises, Inc.</b> <b>KMS Technologies</b> <b>6420 Richmond Avenue, Suite 610</b> <b>Houston, TX 77057</b>	<b>B Employer identification number</b> <b>76-0621461</b> <b>C Date incorporated</b> <b>8/13/1999</b> <b>D Total assets (see instructions)</b> <b>\$ 3,025,341.</b>
		<b>E Check if:</b> (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change		

<b>I N C O M E</b>	<b>1 a</b> Gross receipts or sales	<b>7,766,868.</b>	<b>b</b> Less returns & allowances		<b>c</b> Balance		
	<b>2</b> Cost of goods sold (Schedule A, line 8)				<b>1 c</b>	<b>7,766,868.</b>	
	<b>3</b> Gross profit. Subtract line 2 from line 1c				<b>2</b>	<b>5,102,578.</b>	
	<b>4</b> Dividends (Schedule C, line 19)				<b>3</b>	<b>2,664,290.</b>	
	<b>5</b> Interest				<b>4</b>		
	<b>6</b> Gross rents				<b>5</b>	<b>8,790.</b>	
	<b>7</b> Gross royalties				<b>6</b>		
	<b>8</b> Capital gain net income (attach Schedule D (Form 1120))				<b>7</b>		
	<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				<b>8</b>		
	<b>10</b> Other income (see instructions — attach schedule)		<b>See Statement 1</b>		<b>9</b>		
	<b>11 Total income.</b> Add lines 3 through 10				<b>10</b>	<b>106.</b>	
<b>D E D U C T I O N S  S E E  I N S T R U C T I O N S</b>	<b>12</b> Compensation of officers (Schedule E, line 4)				<b>11</b>	<b>2,673,186.</b>	
	<b>13</b> Salaries and wages (less employment credits)				<b>12</b>	<b>103,125.</b>	
	<b>14</b> Repairs and maintenance				<b>13</b>	<b>1,326,187.</b>	
	<b>15</b> Bad debts				<b>14</b>	<b>937.</b>	
	<b>16</b> Rents				<b>15</b>		
	<b>17</b> Taxes and licenses				<b>16</b>	<b>82,999.</b>	
	<b>18</b> Interest				<b>17</b>	<b>121,472.</b>	
	<b>19</b> Charitable contributions				<b>18</b>		
	<b>20</b> Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)				<b>19</b>	<b>12,256.</b>	
	<b>21</b> Depletion				<b>20</b>	<b>4,464.</b>	
	<b>22</b> Advertising				<b>21</b>		
	<b>23</b> Pension, profit-sharing, etc, plans				<b>22</b>	<b>12,906.</b>	
	<b>24</b> Employee benefit programs				<b>23</b>	<b>107,250.</b>	
	<b>25</b> Domestic production activities deduction (attach Form 8903)				<b>24</b>	<b>10,109.</b>	
	<b>26</b> Other deductions (attach schedule)		<b>See Statement 2</b>		<b>25</b>		
	<b>27 Total deductions.</b> Add lines 12 through 26				<b>26</b>	<b>355,371.</b>	
	<b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				<b>27</b>	<b>2,137,076.</b>	
	<b>29 Less:</b> <b>a</b> Net operating loss deduction (see instructions)			<b>29 a</b>			
<b>b</b> Special deductions (Schedule C, line 20)			<b>29 b</b>				
<b>29 c</b>							
<b>T A X  R E F U N D A B L E  C R E D I T S</b>	<b>30 Taxable income.</b> Subtract line 29c from line 28 (see instructions)				<b>28</b>	<b>536,110.</b>	
	<b>31 Total tax</b> (Schedule J, line 10)				<b>30</b>	<b>536,110.</b>	
	<b>32 a</b> 2007 overpayment credited to 2008	<b>32 a</b>			<b>31</b>	<b>182,277.</b>	
	<b>b</b> 2008 estimated tax payments	<b>32 b</b>	<b>40,848.</b>				
	<b>c</b> 2008 refund applied for on Form 4466	<b>32 c</b>			<b>d Bal</b>	<b>32 d</b>	<b>40,848.</b>
	<b>e</b> Tax deposited with Form 7004				<b>32 e</b>		
	<b>f</b> Credits: (1) Form 2439 (2) Form 4136				<b>32 f</b>		
	<b>g</b> Refundable credits from Form 3800, line 19c, and Form 8827, line 8c				<b>32 g</b>		
	<b>33</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached <input checked="" type="checkbox"/>				<b>32 h</b>	<b>40,848.</b>	
	<b>34 Amount owed.</b> If line 32g is smaller than the total of lines 31 and 33, enter amount owed				<b>33</b>	<b>405.</b>	
<b>35 Overpayment.</b> If line 32g is larger than the total of lines 31 and 33, enter amount overpaid				<b>34</b>	<b>141,834.</b>		
<b>36</b> Enter amount from line 35 you want: <b>Credited to 2009 estimated tax</b> ▶ <b>Refunded</b> ▶				<b>35</b>			
				<b>36</b>			

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Signature of officer _____	Date _____	

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN <b>P00120189</b>
	Firm's name (or yours if self-employed), address, and ZIP code ▶ <b>Breland &amp; Breland, Attny at Law</b> <b>2207 Hermann Dr.</b> <b>Houston, TX 77004</b>			EIN <b>76-0118997</b>
				Phone no. <b>(713) 526-0541</b>

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	See Statement 3 5,102,578.
6	<b>Total.</b> Add lines 1 through 5.	6	5,102,578.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	5,102,578.

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost(ii) ☐ Lower of cost or market(iii) ☐ Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation. ☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

(a) Dividends received

(b) Percentage

(c) Special deductions (a) x (b)

1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instr.	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	<b>Total.</b> Add lines 1 through 8. See instructions for limitation.		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4		
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	Kurt Martin Strack	521-27-0725	100 %	89.00 %	0.00 %	103,125.
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					103,125.
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					103,125.

Form 1120 (2008)

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions).	<input type="checkbox"/>	182,277.
3	Alternative minimum tax (attach Form 4626).		
4	Add lines 2 and 3.		182,277.
5a	Foreign tax credit (attach Form 1118).	5a	
b	Credit from Form 8834.	5b	
c	General business credit (attach Form 3800).	5c	
d	Credit for prior year minimum tax (attach Form 8827).	5d	
e	Bond credits from Form 8912.	5e	
6	<b>Total credits.</b> Add lines 5a through 5e.	6	
7	Subtract line 6 from line 4.	7	182,277.
8	Personal holding company tax (attach Schedule PH (Form 1120)).	8	
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)	9	
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31.	10	182,277.

**Schedule K Other Information** (see instructions)

1	Check accounting method a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. ▶ 541600		
b	Business activity ▶ Consulting		
c	Product or service ▶ Geophysical Consult		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation ▶		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), or trust own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v).		X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

b	Did any individual or estate own, directly 20% or more, or own directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv)	X	
---	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---	--

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
Kurt Martin Strack	521-27-0725	United States	89.00%
Kurt Martin Strack	521-27-0725	United States	89.00%

**Schedule K** Continued

<b>5</b> At the end of the tax year, did the corporation:				<b>Yes</b>	<b>No</b>
<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on <b>Form 851</b> , Affiliations Schedule? For rules of constructive ownership see instructions.					X
If 'Yes,' complete (i) through (iv)					
<b>(i)</b> Name of Corporation	<b>(ii)</b> Employer Identification Number (if any)	<b>(iii)</b> Country of Incorporation	<b>(iv)</b> Percentage Owned in Voting Stock		
<b>b</b> Own directly 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership see instructions.					X
If 'Yes,' complete (i) through (iv)					
<b>(i)</b> Name of Entity	<b>(ii)</b> Employer Identification Number (if any)	<b>(iii)</b> Country of Incorporation	<b>(iv)</b> Maximum Percentage Owned in Profit, Loss, or Capital		
<b>6</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)					X
If 'Yes,' file <b>Form 5452</b> , Corporate Report of Nondividend Distributions.					
If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary					
<b>7</b> At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of <b>(a)</b> the total voting power of all classes of the corporation's stock entitled to vote or <b>(b)</b> the total value of all classes of the corporation's stock?					X
For rules of attribution see section 318. If 'Yes,' enter:					
<b>(i)</b> Percentage owned ▶ _____ and <b>(ii)</b> Owner's country ▶ _____					
<b>(c)</b> The corporation may have to file <b>Form 5472</b> , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____					
<b>8</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount.				<input type="checkbox"/>	
If checked, the corporation may have to file <b>Form 8281</b> , Information Return for Publicly Offered Original Issue Discount Instruments.					
<b>9</b> Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____					None
<b>10</b> Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>8</u>					
<b>11</b> If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here.				<input type="checkbox"/>	
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.					
<b>12</b> Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a) ▶ \$ _____					None
<b>13</b> Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year <b>and</b> its total assets at the end of the tax year less than \$250,000?					X
If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ _____					

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash .....		1,497,026.		571,246.
2a	Trade notes and accounts receivable .....	478,706.		2,389,050.	
b	Less allowance for bad debts .....		478,706.		2,389,050.
3	Inventories .....				
4	U.S. government obligations .....				
5	Tax-exempt securities (see instructions) .....				
6	Other current assets (attach schedule) . . . See St. 4		41,844.		40,848.
7	Loans to shareholders .....				
8	Mortgage and real estate loans .....				
9	Other investments (attach schedule) .....				
10a	Buildings and other depreciable assets .....			22,319.	
b	Less accumulated depreciation .....			4,464.	17,855.
11a	Depletable assets .....				
b	Less accumulated depletion .....				
12	Land (net of any amortization) .....				
13a	Intangible assets (amortizable only) .....				
b	Less accumulated amortization .....				
14	Other assets (attach schedule) . . . . . See St. 5				6,342.
15	Total assets .....		2,017,576.		3,025,341.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable .....		1,049,835.		646,095.
17	Mortgages, notes, bonds payable in less than 1 year .....				
18	Other current liabilities (attach sch) . . . See St. 6		40,845.		1,302,649.
19	Loans from shareholders .....				
20	Mortgages, notes, bonds payable in 1 year or more .....				
21	Other liabilities (attach schedule) . . . . See St. 7		380,000.		
22	Capital stock: a Preferred stock .....				
	b Common stock .....	22,899.	22,899.	22,899.	22,899.
23	Additional paid-in capital .....		155,781.		155,781.
24	Retained earnings — Approp (att sch) .....				
25	Retained earnings — Unappropriated .....		368,216.		897,917.
26	Adjmnt to shareholders' equity (att sch) .....				
27	Less cost of treasury stock .....				
28	Total liabilities and shareholders' equity .....		2,017,576.		3,025,341.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books .....	529,701.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books .....			Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains .....			_____	
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation .....	\$ _____		a Depreciation . \$ _____	
b	Charitable contributions .....	\$ _____		b Charitable contribns \$ _____	
c	Travel & entertainment .....	\$ 6,409.		_____	
		6,409.		_____	
6	Add lines 1 through 5 .....	536,110.	9	Add lines 7 and 8 .....	0.
			10	Income (page 1, line 28) — line 6 less line 9 .....	536,110.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year .....	368,216.	5	Distributions .....	a Cash . . .	
2	Net income (loss) per books .....	529,701.		b Stock .....	c Property . .	
3	Other increases (itemize):		6	Other decreases (itemize):		
			7	Add lines 5 and 6 .....		
4	Add lines 1, 2, and 3 .....	897,917.	8	Balance at end of year (line 4 less line 7) .....		897,917.

Form **4626**Department of the Treasury  
Internal Revenue Service**Alternative Minimum Tax — Corporations**

OMB No. 1545-0175

▶ See separate instructions.  
▶ Attach to the corporation's tax return.**2008**

Name <b>KJT Enterprises, Inc.</b>	Employer identification number <b>76-0621461</b>
--------------------------------------	-----------------------------------------------------

**Part I Alternative Minimum Tax Computation**

**Note:** See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1 Taxable income or (loss) before net operating loss deduction.....	1	536,110.
<b>2 Adjustments and preferences:</b>		
a Depreciation of post-1986 property.....	2a	1,116.
b Amortization of certified pollution control facilities.....	2b	
c Amortization of mining exploration and development costs.....	2c	
d Amortization of circulation expenditures (personal holding companies only).....	2d	
e Adjusted gain or loss.....	2e	
f Long-term contracts.....	2f	
g Merchant marine capital construction funds.....	2g	
h Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only).....	2h	
i Tax shelter farm activities (personal service corporations only).....	2i	
j Passive activities (closely held corporations and personal service corporations only).....	2j	
k Loss limitations.....	2k	
l Depletion.....	2l	
m Tax-exempt interest income from specified private activity bonds.....	2m	
n Intangible drilling costs.....	2n	
o Other adjustments and preferences.....	2o	-7,421.
3 Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o.....	3	529,805.
<b>4 Adjusted current earnings (ACE) adjustment:</b>		
a ACE from line 10 of the ACE worksheet in the instructions.....	4a	529,805.
b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions).....	4b	
c Multiply line 4b by 75% (.75). Enter the result as a positive amount.....	4c	
d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). <b>Note:</b> You must enter an amount on line 4d (even if line 4b is positive).....	4d	0.
e ACE adjustment.	4e	0.
• If line 4b is zero or more, enter the amount from line 4c.....		
• If line 4b is less than zero, enter the <b>smaller</b> of line 4c or line 4d as a negative amount.....		
5 Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT.....	5	529,805.
6 Alternative tax net operating loss deduction (see instructions).....	6	
7 <b>Alternative minimum taxable income.</b> Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions.....	7	529,805.
<b>8 Exemption phase-out</b> (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-.....	8a	
b Multiply line 8a by 25% (.25).....	8b	
c Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-.....	8c	0.
9 Subtract line 8c from line 7. If zero or less, enter -0-.....	9	529,805.
10 If the corporation had qualified timber gain, complete Part II and enter the amount from line 24 here. Otherwise, multiply line 9 by 20% (.20).....	10	105,961.
11 Alternative minimum tax foreign tax credit (AMTFTC) (see instructions).....	11	
12 Tentative minimum tax. Subtract line 11 from line 10.....	12	105,961.
13 Regular tax liability before applying all credits except the foreign tax credit.....	13	182,277.
14 <b>Alternative minimum tax.</b> Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return.....	14	0.

**BAA For Paperwork Reduction Act Notice, see the instructions.**Form **4626** (2008)



**Underpayment of Estimated Tax by Corporations**

► See separate instructions.  
► Attach to the corporation's tax return.

**2008**

Name

KJT Enterprises, Inc.

Employer identification number

76-0621461

**Note:** Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

**Part I Required Annual Payment**

1	Total tax (see instructions) .....	1	182,277.
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1 .....	2a	
2b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method .....	2b	
2c	Credit for federal tax paid on fuels (see instructions) .....	2c	
2d	<b>Total.</b> Add lines 2a through 2c .....	2d	
3	Subtract line 2d from line 1. If the result is less than \$500, <b>do not</b> complete or file this form. The corporation does not owe the penalty .....	3	182,277.
4	Enter the tax shown on the corporation's 2007 income tax return (see instructions). <b>Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5</b> .....	4	40,845.
5	<b>Required annual payment.</b> Enter the <b>smaller</b> of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3 .....	5	40,845.

**Part II Reasons for Filing** — Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220, even if it does not owe a penalty (see instructions).

- 6 ☐ The corporation is using the adjusted seasonal installment method.
- 7 ☐ The corporation is using the annualized income installment method.
- 8 ☐ The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

**Part III Figuring the Underpayment**

	(a)	(b)	(c)	(d)	
9 <b>Installment due dates.</b> Enter in columns (a) through (d) the 15th day of the 4th ( <b>Form 990 — PF filers:</b> Use 5th month), 6th, 9th, and 12th months of the corporation's tax year .....	9	4/15/08	6/15/08	9/15/08	12/15/08
10 <b>Required installments.</b> If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column .....	10	10,211.	10,211.	10,211.	10,212.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15 .....	11				40,848.
<b>Complete lines 12 through 18 of one column before going to the next column.</b>					
12 Enter amount, if any, from line 18 of the preceding column .....	12				
13 Add lines 11 and 12 .....	13				40,848.
14 Add amounts on lines 16 and 17 of the preceding column .....	14		10,211.	20,422.	30,633.
15 Subtract line 14 from line 13. If zero or less, enter -0- .....	15	0.	0.	0.	10,215.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0- .....	16		10,211.	20,422.	
17 <b>Underpayment.</b> If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18 .....	17	10,211.	10,211.	10,211.	
18 <b>Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column .....	18				

**Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 — no penalty is owed.**

**Part IV Figuring the Penalty**

	(a)	(b)	(c)	(d)
<b>19</b> Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). <b>(Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)</b> .....	<b>19</b> 9/24/08	9/24/08	9/24/08	
<b>20</b> Number of days from due date of installment on line 9 to the date shown on line 19. ....	<b>20</b> 162	101	9	
<b>21</b> Number of days on line 20 after 4/15/2008 and before 7/1/2008. ....	<b>21</b> 76	15		
<b>22</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 21}}{366} \times 6\%$ .....	<b>22</b> 127.22	25.11		
<b>23</b> Number of days on line 20 after 6/30/2008 and before 10/1/2008. ....	<b>23</b> 86	86	9	
<b>24</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 23}}{366} \times 5\%$ .....	<b>24</b> 119.97	119.97	12.55	
<b>25</b> Number of days on line 20 after 9/30/2008 and before 1/1/2009. ....	<b>25</b>			
<b>26</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 25}}{366} \times 6\%$ .....	<b>26</b>			
<b>27</b> Number of days on line 20 after 12/31/2008 and before 4/1/2009. ....	<b>27</b>			
<b>28</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 27}}{365} \times 5\%$ .....	<b>28</b>			
<b>29</b> Number of days on line 20 after 3/31/2009 and before 7/1/2009. ....	<b>29</b>			
<b>30</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 29}}{365} \times \%$ .....	<b>30</b>			
<b>31</b> Number of days on line 20 after 6/30/2009 and before 10/1/2009. ....	<b>31</b>			
<b>32</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 31}}{365} \times \%$ .....	<b>32</b>			
<b>33</b> Number of days on line 20 after 9/30/2009 and before 1/1/2010. ....	<b>33</b>			
<b>34</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 33}}{365} \times \%$ .....	<b>34</b>			
<b>35</b> Number of days on line 20 after 12/31/2009 and before 2/16/2010. ....	<b>35</b>			
<b>36</b> Underpayment on line 17 $\times \frac{\text{Number of days on line 35}}{365} \times \%$ .....	<b>36</b>			
<b>37</b> Add lines 22, 24, 26, 28, 30, 32, 34, and 36. ....	<b>37</b> 247.19	145.08	12.55	
<b>38 Penalty.</b> Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns. ....	<b>38</b>			405.

\*Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-4933 to get interest rate information.

Form **4562**Department of the Treasury  
Internal Revenue Service (99)**Depreciation and Amortization**  
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

**2008**Attachment  
Sequence No. **67**

Name(s) shown on return

**KJT Enterprises, Inc.**

Identifying number

**76-0621461**

Business or activity to which this form relates

Form **1120****Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses. . . . .	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions). . . . .	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions). . . . .	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-. . . . .	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions. . . . .	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29. . . . .	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7. . . . .	8	
9	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8. . . . .	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562. . . . .	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs). . .	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11. . . . .	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12. . . . . ▶	13	

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions). . . . .	14	
15	Property subject to section 168(f)(1) election. . . . .	15	
16	Other depreciation (including ACRS). . . . .	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2008. . . . .	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. . . . . ▶ <input type="checkbox"/>		

**Section B — Assets Placed in Service During 2008 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property. . . . .						
b 5-year property. . . . .		22,319.	5	HY	200DB	4,464.
c 7-year property. . . . .						
d 10-year property. . . . .						
e 15-year property. . . . .						
f 20-year property. . . . .						
g 25-year property. . . . .			25 yrs		S/L	
h Residential rental property. . . . .			27.5 yrs	MM	S/L	
i Nonresidential real property. . . . .			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C — Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System**

20a Class life. . . . .					S/L	
b 12-year. . . . .			12 yrs		S/L	
c 40-year. . . . .			40 yrs	MM	S/L	

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28. . . . .	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions. . . . .	22	4,464.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs. . . . .	23	

**BAA For Paperwork Reduction Act Notice, see separate instructions.**

FDI20812L 06/12/08

Form **4562** (2008)

KJT Enterprises, Inc.

76-0621461

**Statement 1**  
**Form 1120, Line 10**  
**Other Income**

Other.....	\$	106.
Total	\$	<u>106.</u>

**Statement 2**  
**Form 1120, Line 26**  
**Other Deductions**

Account fees.....	\$	2,614.
Auto and Truck.....		15,931.
Bank Charges.....		1,280.
Commissions and Fees.....		600.
Computer Software.....		145.
Computer Supplies.....		28,487.
Computer Support.....		691.
Dues and Subscriptions.....		1,618.
Education.....		32,832.
Insurance.....		17,013.
Legal and Professional.....		12,647.
Marketing.....		18,869.
Meals and Entertainment.....		6,409.
Medical Benefits.....		42,575.
Mileage.....		770.
Miscellaneous.....		36.
New office Expense.....		76,300.
Office Equipment.....		6,835.
Office Expense.....		655.
Other General & Admin Expense.....		16,934.
Postage.....		1,631.
Professional Education.....		5,567.
Professional Society.....		21,946.
Shipping.....		5,398.
Supplies.....		18,026.
Telecommunications.....		19,562.
Total	\$	<u>355,371.</u>

**Statement 3**  
**Form 1120, Schedule A, Line 5**  
**Other Cost of Goods Sold**

Prior Year Adj in Lieu Amended Return.....	\$	178,762.
Professional Services.....		406,499.
Project Development.....		447,137.
Project Expense.....		3,979,688.
Project Miscellaneous Cost.....		13,713.
Travel.....		76,779.
Total	\$	<u>5,102,578.</u>

KJT Enterprises, Inc.

76-0621461

**Statement 4**  
**Form 1120, Schedule L, Line 6**  
**Other Current Assets**

	<u>Beginning</u>	<u>Ending</u>
FIT Deposits.....	\$ 41,844.	\$ 40,848.
Total	<u>\$ 41,844.</u>	<u>\$ 40,848.</u>

**Statement 5**  
**Form 1120, Schedule L, Line 14**  
**Other Assets**

	<u>Beginning</u>	<u>Ending</u>
Investment in LEMI.....	\$ 0.	\$ 6,342.
Total	<u>\$ 0.</u>	<u>\$ 6,342.</u>

**Statement 6**  
**Form 1120, Schedule L, Line 18**  
**Other Current Liabilities**

	<u>Beginning</u>	<u>Ending</u>
401(K) Company Match.....	\$ 0.	\$ 107,250.
Accrued Project Costs.....	0.	565,000.
Cancellation Of Project Costs.....	0.	616,905.
Credit Cards.....	0.	9,549.
Federal Tax Payable.....	40,845.	0.
Payroll Clearing.....	0.	3,945.
Total	<u>\$ 40,845.</u>	<u>\$ 1,302,649.</u>

**Statement 7**  
**Form 1120, Schedule L, Line 21**  
**Other Liabilities**

	<u>Beginning</u>	<u>Ending</u>
Owed to Clients for work not performed.....	\$ 380,000.	\$ 0.
Total	<u>\$ 380,000.</u>	<u>\$ 0.</u>

E. The following is the joint venture agreement between KMS Technologies and The Lviv Centre of Institute of Space Research (LCISR) to focus on the development and production of high quality electromagnetic (EM) sensors for the geophysical industry. LEMI is located in Lviv, Ukraine.

UKRAINE

Private notary  
Urumova Zhanna  
Mykhaylivna

UKRAINE, Lviv-79040,  
Patona str., 7 "A"  
tel. (032) 295-20-25

**AGREEMENT**  
***of cession of the share's part in statutory fund***  
***of the Limited Liabilities Company***  
***by means of purchase-sell***

City of Lviv, eleventh of August of two thousand and eight.

We, the undersigned:

- citizen of Ukraine Shuts Tetyana Ivanivna, code by State Register of Physical Persons 2067320185, who was registered and resides at the address: c.Lviv, H.Khotkevych str., 24, apartment 4 (hereinafter "Seller"), – on the one hand,

and

- Corporation KJT ENTERPRISES, INC. (incorporation for KJT ENTERPRISES, INC.), registered in the Department of Corporations of the Office of Secretary of the State of Texas, USA on 13.09.1999 under No. 154683000, location: 13033 Warwickshire, Houston, Harris County, Texas 77077, USA, in the person of President of the Corporation – Kurt Martin Strack, who permanently resides in the USA by the address: 1303 Warwickshire, Houston, Harris County, Texas 77077, who acts on the grounds of the Articles about foundation of the firm KJT ENTERPRISES, INC, registered in the Department of Corporations of the Office of Secretary of the State of Texas on 13.08.1999 and the Articles about supplements (amendments) to it, registered at the same place on 31.12.2001 (hereinafter "Buyer"), – on the other hand, who will be referred to as "Parties", have been previously acquainted with the norms of actual legislation of Ukraine, which regulate this juridical action (including the terms concerning invalidity of juridical action),

have concluded this agreement about the following:

1. The Seller passes for ownership, and the Buyer receives and pays, accordingly to the terms of the present Agreement, the share's part of the Seller in Statutory capital of the Limited Liabilities Company "Laboratory of Electromagnetic Innovations" (hereinafter – Company)

DATA about the COMPANY

1.	Location	Ukraine, 79053, c.Lviv, Naukova str., 5 "A", ap. 301
2.	Date of execution of the state registration	03.07.2008
3.	Number of entry into the Unified state register of juridical persons	No. 1 415 102 0000 020371
4.	Identification code in the Unified state register of enterprises and organizations of Ukraine	No. 36026840

5.	Statutory capital	52 500 (twenty-two thousand five hundred) UAH (hryvnyas)
6.	Information about the founder and his share's size in the statutory capital	cit. Shtus Tetyana Ivanivna 100 % of the Statutory capital

2. Size of the share's part owned by the Seller, which is alienated by this Agreement amounts to 61 % of the Statutory capital of the Company, what is equal to a monetary contribution in amount of 32 025 (thirty-two thousand and twenty-five) hryvnyas 00 kop (hereinafter – agreement's object), which was deposited in full by the Seller at the moment of signing of this Agreement, what is confirmed by the Certificate, issued by the Company on 08.08.2008 under No. 8/08/08.

3. Object of the agreement is owned by the Seller on the grounds of the Articles of the Company, registered by the State registrar of the executive committee of the Lviv Urban Council on 03.07.2008 under No. 1 415 102 0000 020371.

4. The Parties valued the agreement's object in the sum of 32 025 (thirty-two thousand and twenty-five) hryvnyas 00 kop., what at the moment of conclusion of this agreement accordingly to the rate of the National Bank of Ukraine is equal to 6 616 (six thousand six hundred and sixteen) USD 74 cents.

5. Settlements of accounts under this Agreement will be carried out by the Buyer by means of transference of the account of the Seller with 15 (fifteen) banking days from the moment of signing of this Agreement.

6. The Seller has familiarized the Buyer with balance and accountancy of the Company as well as advised him all essential circumstances, related to the Company and which could influence upon the Buyer's will with regard to conclusion of this Agreement.

7. The Seller guarantees that from the date of state registration of the Company book-keeping and taxation stock-taking have been carried out accordingly to the requirements, established by the law and that at the moment of signing of this Agreement the Company has no debts, concerning pay of taxes and payments to the budget in accordance with submitted declarations, there are no debit and credit debts either.

The Seller states that the object of agreement is not burdened, it is not disputable, third persons have no any rights and claims with regard to the same.

Accordingly to art. 659 of the Civil Code of Ukraine the Seller is responsible for concealment of information about rights of third persons as for the agreement's object.

The Seller is fully responsible for authenticity of any information, submitted by him with regard to the agreement's object. In the event of arising of any pretensions and in connection with presentation by the Seller of not authentic information, such claims and pretensions will be regulated at the account of the Seller.

8. Accordingly to the requirements of actual legislation of Ukraine into the Company's Articles must be included and registered in the bodies of state registration of the subjects of entrepreneurial activity corresponding changes and supplements, which follow from the present Agreement.

9. The right of ownership of the agreement's object passes to the Buyer from the moment of notarial certification of this Agreement. All rights and obligations of the Company's participant, stipulated by the Articles, are possessed by the Buyer in the amount of purchased share, acquired by him from the moment of the state registration of the new wording of the Articles, conditioned by change of the founders.

10. All items, which are not settled by this Agreement, shall be adjusted accordingly to actual legislation of Ukraine.

11. All disputes, which may arise from the present Agreement, will be solved by negotiations between the Parties, in the event of impossibility to solve disputes by means



of negotiations they must be solved by court, which is stipulated by actual legislation of Ukraine.

12. Contents of art. 656, 658, 659 of the Civil Code of Ukraine, articles 57, 58, 113, 167 of the Economy Code of Ukraine, art. 57 of the Family Code of Ukraine, p. 9.6 of art. 9 of the Law of Ukraine "On taxation of incomes of physical persons" was explained to the Parties.

13. Expenses for conclusion and notarial certification of this Agreement will be covered by the Seller.

14. This Agreement was concluded and certified in two copies, one of them will be kept by a private notary of the Lviv urban notarial district Urumova Zh.M. at the address: c.Lviv, Patona str., 7 "A", and the other one is given in to the Buyer.

Oral interpretation of this text from the Ukrainian language into English was done by me, Golubenko Yevhen Petrovych, translator of the translation agency "Aelita" (code of USREOU 25553303).

Signature: \_\_\_\_\_ *[signature]* \_\_\_\_\_ (Golubenko Ye.P.)

SELLER:

cit. Shtus Tetyana Ivanivna  
code by SRPHP 2057320185  
c.Lviv, Khotkevycha str., 24, apart. 41  
passport series KB No. 420172,  
issued by Halytskyi district department of the  
Direction of the Ministry of Internal Affairs of  
Ukraine in Lviv Region on 22.05.2000  
cur.acc. No. 262090155485 in LLC "BM Bank",  
section No. 15 in c.Lviv  
MFO 380913

\_\_\_\_\_ *[signature]* *(Shtus T.I.)*  
Shtus T.I.

BUYER:

Corporation KJT ENTERPRISES, INC.,  
1303 Warwickshire, Houston, Harris County,  
Texas 77077,  
Premier America Credit Union  
10001 Wertheimer  
Sulta 2525 ABA Routing: 322283990  
No. 0270991177

\_\_\_\_\_ *[signature]* \_\_\_\_\_  
President - Kurt Martin Strack

On the "11-th" of August of 2008 this agreement was certified by me, Urumova Zh.M., private notary of the Lviv urban notarial district of Lviv Region.

The Agreement was signed in my presence.

Identity of the citizens, who signed the agreement, had been determined, their capability, legal capability and capability of the Corporation KJT ENTERPRISES INC., its representative's authority as well as possession by a cit. Shtus Tetyana Ivanivna the share's part in the statutory fund of the limited liability company "Laboratory of electromagnetic innovations" were verified.

At the same time I certify authenticity of signature, done by translator Golubenko Yevhen Petrovych.

Registered into the register under No. 6546, 6547, 6548.

Payment was exacted accordingly

to art. 31 of the Law of Ukraine "On notarial deeds"

Private notary \_\_\_\_\_ *[signature]* \_\_\_\_\_ Urumova Zh.M.

[Official round seal:

Ministry of Justice of Ukraine

Private notary of the Lviv urban notarial district of Lviv Region

Urumova Zhanna Mykhaylivna

National emblem of Ukraine /trident/]

c.Lviv, August 11, 2008

I, Urumova Zh.M., private notary

of the Lviv urban notarial district

certify authenticity of this photocopy.

Registered into the register under No. 6549

Payment was exacted *accordingly*

*to art. 31 of the Law of Ukraine "On notarial deeds"*

Private notary           [signature]           Urumova Zh.M.

[Official round seal:

Ministry of Justice of Ukraine

Private notary of the Lviv urban notarial district of Lviv Region

Urumova Zhanna Mykhaylivna

National emblem of Ukraine /trident/]

In this document

2 (two) sheets were sewn,  
paginated and sealed with a seal.

Private notary

          [signature]           Urumova Zh.M.

[Official round seal:

Ministry of Justice of Ukraine

Private notary of the Lviv urban

notarial district of Lviv Region

Urumova Zhanna Mykhaylivna

National emblem of Ukraine /trident/]