

Cactus Ventures, Inc.  
Form 10-K  
April 12, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

X . ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2011

. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

**Commission File No. 000-52446**

**CACTUS VENTURES, INC.**

(Name of small business issuer in its charter)

**Nevada** **88-0378336**  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)

**123 W. Nye Lane, Suite 129**

**Carson City, NV 89706**

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(Address of principal executive offices)

Issuer's telephone number: **831-770-0217**

Securities Registered pursuant to Section 12(b) of the Act: **None.**

Securities Registered pursuant to Section 12(g) of the Exchange Act: **Common Stock, \$.01 par Value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes ☐ . No ☒ .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ . No ☒ .

**Note** checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ . No ☐ .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ . No ☐ .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  
☒ .

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ . Accelerated filer ☐ .  
Non-accelerated filer ☐ . (Do not check if a smaller reporting company) ☒ .  
Smaller reporting company ☒ .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ . No ☒ .

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Our common stock is listed on the Over the Counter Bulletin Board (OTCBB), under the symbol CTVN. There was not an active market and no trading volume during fiscal 2010 and there has been minimal trading volume in 2011, therefore the aggregate market value of the issuer's common stock held by non-affiliates at March 7, 2012 is deemed to be \$-0-.

**Note.** If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY

PROCEEDING DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ . No ☐ .

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

<u>Class</u>	<u>Outstanding as of March 7, 2012</u>
Common Stock, \$.01 par value	11,155,008

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for

fiscal year ended December 24, 1980).

## **PART I**

### **ITEM 1. BUSINESS.**

#### **Business Development**

We were formed as a Nevada corporation on October 6, 1997 originally under the name Zurich U.S.A., Inc. On July 10, 2006, we changed our name to Cactus Ventures, Inc. and began pursuing our business of marketing sunglasses. The Company encountered numerous problems various vendors and ceased its operations. The Company has now focused its efforts on seeking a business opportunity. The Company will attempt to locate and negotiate with a business entity for the merger of that target company into the Company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute assets to the Company rather than merge. No assurances can be given that the Company will be successful in locating or negotiating with any target company. The Company will provide a method for a foreign or domestic private company to become a reporting ( public ) company whose securities are qualified for trading in the United States secondary market. We are now considered a blank check company.

The Company will attempt to locate and negotiate with a business entity for the merger of that target company into the Company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute assets to the Company rather than merge. No assurances can be given that the Company will be successful in locating or negotiating with any target company. The Company will provide a method for a foreign or domestic private company to become a reporting ( public ) company whose securities are qualified for trading in the United States secondary market.

The selection of a business opportunity in which to participate is complex and extremely risky and will be made by management in the exercise of its business judgment. There is no assurance that we will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to our company and shareholders.

Because we have no specific business plan or expertise, our activities are subject to several significant risks. In particular, any business acquisition or participation we pursue will likely be based on the decision of management without the consent, vote, or approval of our shareholders.

#### **Sources of Opportunities**

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We anticipate that business opportunities may arise from various sources, including officers and directors, professional advisers, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals.

We will seek potential business opportunities from all known sources, but will rely principally on the personal contacts of our officers and directors as well as indirect associations between them and other business and professional people. Although we do not anticipate engaging professional firms specializing in business acquisitions or reorganizations, we may retain such firms if management deems it in our best interests. In some instances, we may publish notices or advertisements seeking a potential business opportunity in financial or trade publications.

### Criteria

We will not restrict our search to any particular business, industry or geographical location. We may acquire a business opportunity in any stage of development. This includes opportunities involving start up or new companies. In seeking a business venture, management will base their decisions on the business objective of seeking long-term capital appreciation in the real value of our company. We will not be controlled by an attempt to take advantage of an anticipated or perceived appeal of a specific industry, management group, or product.

In analyzing prospective business opportunities, management will consider the following factors:

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available technical, financial and managerial resources;

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working capital and other financial requirements;

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the history of operations, if any;

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prospects for the future;

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the nature of present and expected competition;

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the quality and experience of management services which may be available and the depth of the management;

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the potential for further research, development or exploration;

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the potential for growth and expansion;

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the potential for profit;



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the perceived public recognition or acceptance of products, services, trade or service marks, name identification; and other relevant factors.

Generally, our management will analyze all available factors and make a determination based upon a composite of available facts, without relying on any single factor.

### **Methods of Participation of Acquisition**

Management will review specific business and then select the most suitable opportunities based on legal structure or method of participation. Such structures and methods may include, but are not limited to, leases, purchase and sale agreements, licenses, joint ventures, other contractual arrangements, and may involve a reorganization, merger or consolidation transactions. Management may act directly or indirectly through an interest in a partnership, corporation, or other form of organization.

### **Procedures**

As part of the our investigation of business opportunities, officers and directors may meet personally with management and key personnel of the firm sponsoring the business opportunity. We may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and conduct other reasonable measures.

We will generally ask to be provided with written materials regarding the business opportunity. These materials may include the following:

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descriptions of product, service and company history; management resumes;

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financial information;

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available projections with related assumptions upon which they are based;

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an explanation of proprietary products and services;

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evidence of existing patents, trademarks or service marks or rights thereto;

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present and proposed forms of compensation to management;

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a description of transactions between the prospective entity and its affiliates;

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relevant analysis of risks and competitive conditions;

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a financial plan of operation and estimated capital requirements;

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and other information deemed relevant.

## **Competition**

We expect to encounter substantial competition in our efforts to acquire a business opportunity. The primary competition is from other companies organized and funded for similar purposes, small venture capital partnerships and corporations, small business investment companies and wealthy individuals.

## **Employees**

We do not currently have any employees but rely upon the efforts of our officer and director to conduct our business. We do not have any employment or compensation agreements in place with our officers and directors although they are reimbursed for expenditures advanced on our behalf.

**Principal Products or Services and Their Markets**

None; not applicable

**Competition, Competitive Position in the Industry and Methods of Competition**

None; not applicable

**Dependence on One or a Few Major Customers**

None; not applicable

**Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts, Including Duration**

None; not applicable

**Need For Any Government Approval of Principal Products or Services**

None; not applicable

**Effect of Existing or Probable Governmental Regulations on Business**

None; not applicable

**Time Spent During the Last Two Fiscal Years on Research and Development Activities**

None; not applicable

**Costs and Effects of Compliance with Environmental Laws (federal, state and local)**

None; not applicable

**Number of Total Employees and Number of Full-Time Employees**

None

## ITEM 1A. RISK FACTORS.

The Company's business is subject to numerous risk factors, including the following.

**The Company has had very limited operating history and no revenues or earnings from operations.** The Company has no significant assets or financial resources. The Company will, in all likelihood, sustain operating expenses without corresponding revenues, at least until the consummation of a business combination. This may result in the Company incurring a net operating loss which will increase continuously until the Company can consummate a business combination with a target company. There is no assurance that the Company can identify such a target company and consummate such a business combination.

**Our proposed business plan is speculative in nature.** The success of the Company's proposed plan of operation will depend to a great extent on the operations, financial condition and management of the identified target company. While management will prefer business combinations with entities having established operating histories, there can be no assurance that the Company will be successful in locating candidates meeting such criteria. In the event the Company completes a business combination, of which there can be no assurance, the success of the Company's operations will be dependent upon management of the target company and numerous other factors beyond the Company's control.

**The Company is and will continue to be an insignificant participant in the business of seeking mergers with and acquisitions of business entities.** A large number of established and well-financed entities, including venture capital firms, are active in mergers and acquisitions of companies which may be merger or acquisition target candidates for the Company. Nearly all such entities have significantly greater financial resources, technical expertise and managerial capabilities than the Company and, consequently, the Company will be at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination. Moreover, the Company will also compete with numerous other small public companies in seeking merger or acquisition candidates.

**The Company has no current arrangement, agreement or understanding with respect to engaging in a merger with or acquisition of a specific business entity.** There can be no assurance that the Company will be successful in identifying and evaluating suitable business opportunities or in concluding a business combination. Management has not identified any particular industry or specific business within an industry for evaluation by the Company. There is no assurance that the Company will be able to negotiate a business combination on terms favorable to the Company. The Company has not established a specific length of operating history or a specified level of earnings, assets, net worth or other criteria which it will require a target company to have achieved, or without which the Company would not consider a business combination with such business entity. Accordingly, the Company may enter into a business combination with a business entity having no significant operating history, losses, limited or no potential for immediate earnings, limited assets, negative net worth or other negative characteristics.



**Our management has limited time to devote to our business.** While seeking a business combination, management anticipates devoting only a limited amount of time per month to the business of the Company. The Company's sole officer has not entered into a written employment agreement with the Company and he is not expected to do so in the foreseeable future. The Company has not obtained key man life insurance on its officer and director. Notwithstanding the combined limited experience and time commitment of management, loss of the services of this individual would adversely affect development of the Company's business and its likelihood of continuing operations.

**The Company's officer and director participates in other business ventures which may compete directly with the Company.** Additional conflicts of interest and non-arms length transactions may also arise in the future. Management has adopted a policy that the Company will not seek a merger with, or acquisition of, any entity in which any member of management serves as an officer, director or partner, or in which they or their family members own or hold any ownership interest.

**Reporting requirements may delay or preclude an acquisition.** Section 13 of the Securities Exchange Act of 1934 (the Exchange Act) requires companies subject thereto to provide certain information about significant acquisitions including certified financial statements for the company acquired covering one or two years, depending on the relative size of the acquisition. The time and additional costs that may be incurred by some target companies to prepare such financial statements may significantly delay or essentially preclude consummation of an otherwise desirable acquisition by the Company. Acquisition prospects that do not have or are unable to obtain the required audited statements may not be appropriate for acquisition so long as the reporting requirements of the Exchange Act are applicable.

**The Company has neither conducted, nor have others made available to it, market research indicating that demand exists for the transactions contemplated by the Company.** Even in the event demand exists for a merger or acquisition of the type contemplated by the Company, there is no assurance the Company will be successful in completing any such business combination.

**The Company's proposed operations, even if successful, will in all likelihood result in the Company engaging in a business combination with only one business entity.** Consequently, the Company's activities will be limited to those engaged in by the business entity which the Company merges with or acquires. The Company's inability to diversify its activities into a number of areas may subject the Company to economic fluctuations within a particular business or industry and therefore increase the risks associated with the Company's operations.

**Potential for being classified an Investment Company.** Although the Company will be subject to regulation under the Exchange Act, management believes the Company will not be subject to regulation under the Investment Company Act of 1940, insofar as the Company will not be engaged in the business of investing or trading in securities. In the event the Company engages in business combinations which result in the Company holding passive investment interests in a number of entities, the Company could be subject to regulation under the Investment Company Act of 1940. In such event, the Company would be required to register as an investment company and could

be expected to incur significant registration and compliance costs. The Company has obtained no formal determination from the Securities and Exchange Commission as to the status of the Company under the Investment Company Act of 1940 and, consequently, any violation of such Act could subject the Company to material adverse consequences.

**A business combination involving the issuance of the Company's common stock will, in all likelihood, result in shareholders of a target company obtaining a controlling interest in the Company.** Any such business combination may require shareholders of the Company to sell or transfer all or a portion of the Company's common stock held by them. The resulting change in control of the Company will likely result in removal of the present officer and director of the Company and a corresponding reduction in or elimination of his participation in the future affairs of the Company. Currently, there are no pending acquisitions, business combinations or mergers.

**The Company's primary plan of operation is based upon a business combination with a business entity which, in all likelihood, will result in the Company issuing securities to shareholders of such business entity.** The issuance of previously authorized and unissued common stock of the Company would result in reduction in percentage of shares owned by the present shareholders of the Company and would most likely result in a change in control or management of the Company.

**Federal and state tax consequences will, in all likelihood, be major considerations in any business combination the Company may undertake.** Currently, such transactions may be structured so as to result in tax-free treatment to both companies, pursuant to various federal and state tax provisions. The Company intends to structure any business combination so as to minimize the federal and state tax consequences to both the Company and the target company; however, there can be no assurance that such business combination will meet the statutory requirements of a tax-free reorganization or that the parties will obtain the intended tax-free treatment upon a transfer of stock or assets. A non-qualifying reorganization could result in the imposition of both federal and state taxes which may have an adverse effect on both parties to the transaction.



**Management of the Company will request that any potential business opportunity provide audited financial statements.** One or more attractive business opportunities may choose to forego the possibility of a business combination with the Company rather than incur the expenses associated with preparing audited financial statements. In such case, the Company may choose to obtain certain assurances as to the target company's assets, liabilities, revenues and expenses prior to consummating a business combination, with further assurances that audited financial statements would be provided after closing of such a transaction. Closing documents relative thereto may include representations that the audited financial statements will not materially differ from the representations included in such closing documents.

**Our stock is subject to the Penny Stock rules, which impose significant restrictions on the Broker-Dealers and may affect the resale of our stock.** Our stock is subject to Penny Stock trading rules, and investors will experience resale restrictions and a lack of liquidity. A penny stock is generally a stock that:

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is not listed on a national securities exchange or Nasdaq;

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is listed in pink sheets or on the NASD OTC Bulletin Board;

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has a price per share of less than \$5.00; and

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is issued by a company with net tangible assets less than \$5 million.

The penny stock trading rules impose additional duties and responsibilities upon broker-dealers and salespersons effecting purchase and sale transactions in common stock and other equity securities, including:

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determination of the purchaser's investment suitability;

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delivery of certain information and disclosures to the purchaser; and

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receipt of a specific purchase agreement from the purchaser prior to effecting the purchase transaction.

Due to the Penny Stock rules, many broker-dealers will not effect transactions in penny stocks except on an unsolicited basis. When our common stock becomes subject to the penny stock trading rules,

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such rules may materially limit or restrict the ability to resell our common stock, and

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the liquidity typically associated with other publicly traded equity securities may not exist.

**It is possible that a liquid market for our stock will never develop and you will not be able to sell your stock.**

There is no assurance a market will be made in our stock. If no market exists, you will not be able to sell your shares publicly, making your investment of little or no value.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 2. PROPERTIES.**

We do not currently own any property. We utilize office space in the residence of our President at no cost. We will not seek independent office space until we pursue a viable business opportunity and recognize income.

**ITEM 3. LEGAL PROCEEDINGS.**

The Company is not the subject of any pending legal proceedings; and to the knowledge of management, no proceedings are presently contemplated against the Company by any federal, state or local governmental agency.

Further, to the knowledge of management, no director or executive officer is party to any action in which any has an interest adverse to the Company.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.****Market Information**

Our common stock is listed on the Over the Counter Bulletin Board ( "OTCBB" ), under the symbol "CTVN". There was not an active market and no trading volume during fiscal 2009 and there has been no trading volume in 2010.

	<b>CLOSING BID</b>		<b>CLOSING ASK</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2010</b>				
January 4 Thru March 31	NONE	NONE	NONE	NONE
April 1 Thru June 30	NONE	NONE	NONE	NONE
July 1 Thru September 30	.10	.10	1.00	1.00
October 1 Thru December 31	.10	.10	1.00	1.00
<b>2011</b>				
January 3 Thru March 31	.10	.10	1.00	1.00
April 1 Thru June 30	.10	.10	1.00	1.00
July 1 Thru September 30	.10	.10	1.00	1.00
October 3 Thru December 30	.10	.10	1.00	1.00

The above quotations, as provided by OTC Markets Group, Inc., represent prices between dealers and do not include retail markup, markdown or commission. In addition, these quotations do not represent actual transactions.

**Holders**

As of March 7, 2012, there were approximately 62 shareholders of record holding 11,155,008 shares of common stock. This number does not include an indeterminate number of stockholders whose shares are held by brokers in street name. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

### **Dividends**

We have not paid, nor declared, any cash dividends since our inception and do not intend to declare any such dividends in the foreseeable future. Our ability to pay cash dividends is subject to limitations imposed by Nevada law. Under Nevada law, cash dividends may be paid to the extent that a corporation's assets exceed its liabilities and it is able to pay its debts as they become due in the usual course of business.

### **Securities Authorized for Issuance Under Equity Compensation Plans**

None.

### **Recent Sales or Purchases of Unregistered Securities**

None.

## **ITEM 6. SELECTED FINANCIAL DATA.**

Since we are a smaller reporting company, as defined by SEC regulation, we are not required to provide the information required by this Item.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

### **FORWARD-LOOKING STATEMENTS**

The statements made below with respect to our outlook for fiscal 2009 and beyond represent forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 and are subject to a number of risks and uncertainties. These include, among other risks and uncertainties, whether we will be able to generate sufficient cash flow from our operations or other sources to fund our working capital needs, maintain existing relationships with our lender, successfully introduce and attain market acceptance of any new products, attract and retain qualified personnel both in our existing markets and in new territories in an extremely competitive environment, and potential obsolescence of our technologies.

In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, plans, anticipates, believes, estimates, projects, predicts, potential and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as otherwise required by law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which any of our forward-looking statements are based. We qualify all of our forward-looking statements by these cautionary statements.

### **Plan of Operation**

The Company is seeking to acquire assets or shares of an entity actively engaged in business which generates revenues. The Company has no particular acquisitions in mind and has not entered into any negotiations regarding

such an acquisition. None of the Company's officers, directors, promoters or affiliates have engaged in any substantive contact or discussions with any representative of any other company regarding the possibility of an acquisition or merger between the Company and such other company as of the date of this annual report. The Board of Directors intends to obtain certain assurances of value of the target entity's assets prior to consummating such a transaction. Any business combination or transaction will likely result in a significant issuance of shares and substantial dilution to present stockholders of the Company.

The Company's current operating plan is to continue searching for potential businesses, products, technologies and companies for acquisition and to handle the administrative and reporting requirements of a public company. To demonstrate our commitment to maintaining ethical reporting and business practices, we adopted a Code of Ethics and Business Conduct.

The Company has, and will continue to have, no capital with which to provide the owners of business opportunities with any significant cash or other assets. However, management believes the Company will be able to offer owners of acquisition candidates the opportunity to acquire a controlling ownership interest in a publicly registered company without incurring the cost and time required to conduct an initial public offering. The owners of the acquisition candidate will, however, incur significant legal and accounting costs in connection with the acquisition of a business opportunity, including the costs of preparing Form 8-K's, 10-K's, 10-Q's, agreements and related reports and documents.

## Liquidity and Capital Resources

The Company's balance sheet as of December 31, 2011, reflects total assets of cash in the amount of \$150. As of December 31, 2011, our liabilities were \$84,479 which included \$6 in accounts payable, \$300 in accrued legal fees, \$26,005 in accrued interest and \$58,168 in a note payable to related parties. We anticipate our expenses for the next twelve months will be approximately \$20,000. In the past we have relied on advances from our president to cover our operating costs. Management anticipates that we will receive sufficient advances from our president to meet our needs through the next 12 months. However, there can be no assurances to that effect. Our need for capital may change dramatically if we acquire an interest in a business opportunity during that period. At present, we have no understandings, commitments or agreements with respect to the acquisition of any business venture, and there can be no assurance that we will identify a business venture suitable for acquisition in the future. Further, we cannot assure that we will be successful in consummating any acquisition on favorable terms or that we will be able to profitably manage any business venture we acquire. Should we require additional capital, we may seek additional advances from officers, sell common stock or find other forms of debt financing.

The Company has no other assets or line of credit, other than that which present management may agree to extend to or invest in the Company, nor does it expect to have one before a merger is effected. The Company will carry out its business plan as discussed above. The Company cannot predict to what extent its liquidity and capital resources will be diminished prior to the consummation of a business combination or whether its capital will be further depleted by the operating losses (if any) of the business entity which the Company may eventually acquire.

Our current operating plan is to continue searching for potential businesses, products, technologies and companies for acquisition and to handle the administrative and reporting requirements of a public company. To demonstrate our commitment to maintaining ethical reporting and business practices, we adopted a Code of Ethics and Business Conduct.

Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement No. 109, Statement of Financial Accounting Standards (SFAS) No. 141 (revised 2007), Business Combinations, SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115, SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, SFAS No. 157, Fair Value Measurements, SFAS No. 156, Accounting for Servicing of Financial Assets, SFAS No. 155, Accounting for Certain Hybrid Instruments, and SFAS No. 154, Accounting Changes and Error Corrections a replacement of APB Opinion No. 20 and FASB Statement No. 3, were recently issued. These recently-enacted accounting standards have no current applicability to the Company or their effect on the financial statements would not have been significant.

## Results of Operations



**Years Ended December 31, 2010 and 2011**

We have \$150 cash on hand and have experienced losses since inception. We did not generate any revenues from operations during the years ended December 31, 2011 and 2010. Expenses during the year ended December 31, 2011 were \$20,241, with interest expense of \$4,759 and state corporate tax expense of \$0 compared to expenses of \$27,727 with interest expense of \$6,439 and state corporate tax expense of \$834 in 2010. Expenses for both years consisted entirely of general and administrative expenses. These expenses were due to professional, legal and accounting fees relating to our reporting requirements.

In 2011 we had a gain on retention of deposit in the amount of \$25,000 and in 2010 we had a gain on retention of deposit of \$35,000. As a result of the foregoing factors, we realized a net income of \$10,289 for the year ended December 31, 2011 compared to a net income of \$1,674 for the year ended December 31, 2010.

During the period from January 1, 2011 through December 31, 2011, the Company has engaged in no significant operations other than maintaining its reporting status with the SEC and seeking a business combination. No revenues were received by the Company during this period.

For the current fiscal year, the Company anticipates incurring a loss as a result of legal and accounting expenses, and expenses associated with locating and evaluating acquisition candidates. The Company anticipates that until a business combination is completed with an acquisition candidate, it will not generate revenues, and may continue to operate at a loss after completing a business combination, depending upon the performance of the acquired business.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our consolidated financial condition, results of operations or liquidity.

### **Need For Additional Financing**

Based upon current management's willingness to extend credit to the Company and/or invest in the Company until a business combination is completed, the Company believes that its existing capital will be sufficient to meet the Company's cash needs required for the costs of compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended, and for the costs of accomplishing its goal of completing a business combination, for an indefinite period of time. Accordingly, in the event the Company is able to complete a business combination during this period, it anticipates that its existing capital will be sufficient to allow it to accomplish the goal of completing a business combination. There is no assurance, however, that the available funds will ultimately prove to be adequate to allow it to complete a business combination, and once a business combination is completed, the Company's needs for additional financing are likely to increase substantially. In addition, as current management is under no obligation to continue to extend credit to the Company and/or invest in the Company, there is no assurance that such credit or investment will continue or that it will continue to be sufficient for future periods.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Since we have no assets and do not have any investments in eligible portfolio companies there is no quantitative information, as of the end of December 31, 2010, about market risk that has any impact on our present business. Once we begin making investments in eligible portfolio companies there will be market risk sensitive instruments and we will disclose the applicable market risk information at that time

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

The required financial statements are included following the signature page of this Form 10-K.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

The Company has had no disagreements with its certified public accountants with respect to accounting practices or procedures or financial disclosure.

**ITEM 9A(T). CONTROLS AND PROCEDURES.**

*(a) Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our President, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our President, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

We believe our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective.

*Management's Annual Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.



Our management, with the participation of the President, evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on this evaluation, our management, with the participation of the President, concluded that, as of December 31, 2011, our internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

(b) *Changes in Internal Control over Financial Reporting.* There were no changes in the Company's internal controls over financial reporting, known to the chief executive officer or the chief financial officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

There are no further disclosures. All information that was required to be disclosed in a Form 8-K during the fourth quarter 2010 has been disclosed.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

#### **Identification of Directors and Executive Officers**

The following table sets forth the name, age, position and office term of each executive officer and director of the Company.

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<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Director or Officer Since</u>
Diane S. Button	61	Sole officer and Director	July 2006

All officers hold their positions at the will of the Board of Directors. All directors hold their positions for one year or until their successors are elected and qualified.

Set forth below is certain biographical information regarding the Company's executive officer and director:

**Diane S. Button.** For the past five years, Ms. Button has been an Independent Agent under contract with AFLAC, (American Family Life Assurance of Columbus). Currently, as an independent contractor, Ms. Button is a customer service specialist for major businesses and also a sales representative for AFLAC with a product line of supplemental insurance products.

The Company has no audit committee financial expert, as defined under Section 228.401, serving on its audit committee because it has no audit committee and is not required to have an audit committee because it is not a listed security as defined in Section 240.10A-3.

#### **Term of Office**

The term of office of the current directors shall continue until new directors are elected or appointed.

#### **Involvement in Certain Legal Proceedings**

During the past five years, no present or former director, person nominated to become a director, executive officer, promoter or control person of the Company:

(1) Was a general partner or executive officer of any business by or against which any bankruptcy petition was filed, whether at the time of such filing or two years prior thereto;

(2) Was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);



(3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

(4) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;

(5) Was found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

#### **Financial Expert**

The Company has no audit committee financial expert, as defined under Section 228.401, serving on its audit committee because it has no audit committee and is not required to have an audit committee because it is not a listed security as defined in Section 240.10A-3.

#### **Code of Ethics**

The Company has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller. The Company will provide, at no cost, a copy of the Code of Ethics to any shareholder of the Company upon receiving a written request sent to the Company's address shown on Page 1 of this report.

#### **ITEM 11. EXECUTIVE COMPENSATION**

No current or prior officer or director has received any remuneration or compensation from the Company in the past three years, nor has any member of the Company's management been granted any option or stock appreciation right. Accordingly, no tables relating to such items have been included within this Item. None of our employees is subject to a written employment agreement nor has any officer received a cash salary since our founding.



The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal periods ended December 31, 2011, 2010 and 2009. Other than as set forth herein, no executive officer's salary and bonus exceeded \$100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred.

### SUMMARY COMPENSATION TABLE

<u>Name and principal position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Nonqualified Deferred Compensation Earnings (\$)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Diane S. Button	2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2010	-0-	-0-	-0-	-0-	-0-	-0-	6,000	6,000
	2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

### Compensation of Directors

There are no agreements to compensate any of the directors for their services.

Our officers and directors are reimbursed for expenses incurred on our behalf. Our officers and directors will not receive any finder's fee as a result of their efforts to implement the business plan outlined herein. However, our officers and directors anticipate receiving benefits as beneficial shareholders of our common stock.

We have not adopted any retirement, pension, profit sharing, stock option or insurance programs or other similar programs for the benefit of our employees.



**Termination of Employment and Change of Control Arrangement**

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any former employees, officers or directors which would in any way result in payments to any such person because of his or her resignation, retirement or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The following table sets forth as of March 7, 2012, the number and percentage of the 11,155,008 shares of outstanding common stock which, according to the information supplied to the Company, were beneficially owned by (i) each person who is currently a director of the Company, (ii) each executive officer, (iii) all current directors and executive officers of the Company as a group and (iv) each person who, to the knowledge of the Company, is the beneficial owner of more than 5% of the outstanding common stock. Except as otherwise indicated, the persons named in the table have sole voting and dispositive power with respect to all shares beneficially owned, subject to community property laws where applicable.

<b><u>Title of Class</u></b>	<b><u>Name and Address of Beneficial Owner</u></b>	<b><u>Amount and Nature of Beneficial Ownership</u></b>	<b><u>Percentage of Class</u></b>
Common	Diane S. Button(2) 251 Jeanell Dr., Suite 3 Carson City, NV 89703	10,000,000	89.65%
Common	Bruce Holden 9418 Snow Lake Pl. Elk Grove, CA 95758	926,600	8.3%
	Total Officers and Directors As a Group (1 Person)	89.65%	

(1) Officer and/or director

There are no contracts or other arrangements that could result in a change of control of the Company.

## **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE.**

### **Transactions with Management and Others**

We utilize office space at the residence of Diane Button to conduct our activities at no charge.

### **Certain Business Relationships**

At various times during the previous years, the Company had found it necessary to borrow funds from its shareholders to fund the Company. These notes were due and payable on December 31, 2011, and the parties have agreed to extend them until December 31, 2012. Monies advanced to the company prior to 2007 carried an interest rate of 12%; monies advanced to the company after December 31, 2007 by the related parties carry an interest rate of 8%. The total outstanding as of December 31, 2011 and 2010 was \$58,168 and \$58,707 respectively. The accrued interest on these notes as of December 31, 2011 and 2010 was \$25,970 and \$21,247 respectively. For the years ending December 31, 2011 and 2010 the related parties advanced the Company for working capital purposes, \$24,461 and \$14,402 respectively.

In addition, management received \$0 and \$6,000 in other compensation for services during the years ended December 31, 2011 and 2010 respectively.

### **Indebtedness of Management**

None; not applicable.

## **Conflicts of Interest**

None of our key personnel is required to commit full time to our affairs and, accordingly, these individuals may have conflicts of interest in allocating management time among their various business activities. In the course of their other business activities, certain key personnel may become aware of investment and business opportunities which may be appropriate for presentation to us, as well as the other entities with which they are affiliated. As such, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

Each officer and director is, so long as he is an officer or director, subject to the restriction that all opportunities contemplated by our plan of operation that come to his attention, either in the performance of his duties or in any other manner, will be considered opportunities of, and be made available to us and the companies that he is affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If we or the companies to which the officer or director is affiliated each desire to take advantage of an opportunity, then the applicable officer or director would abstain from negotiating and voting upon the opportunity. However, the officer or director may still take advantage of opportunities if we should decline to do so. Except as set forth above, we have not adopted any other conflict of interest policy in connection with these types of transactions

## **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

### **Audit Fee**

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of Cactus Ventures, Inc. annual financial statement and review of financial statements included in Cactus Ventures, Inc. 10-Q reports and services normally provided by the accountant in connection with statutory and regulatory filings or engagements were 10,500 for fiscal year ended 2011 and \$10,500 for fiscal year ended 2010.

### **Audit-Related Fees**

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of Cactus Ventures, Inc. financial statements that are not reported above were \$0 for fiscal year ended 2011 and \$0 for fiscal year ended 2010.

## **Tax Fees**

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$575 for fiscal year ended 2011 and \$575 for fiscal year ended 2010.

## **All Other Fees**

The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported above were \$0 for fiscal year ended 2011 and \$0 for fiscal year ended 2010.

We do not have an audit committee currently serving and as a result our board of directors performs the duties of an audit committee. Our board of directors will evaluate and approve in advance, the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services. We do not rely on pre-approval policies and procedures.

## **PART IV**

### **ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

#### **(a) Exhibits**

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-B.

The Company has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller. The Company will provide, at no cost, a copy of the Code of Ethics to any shareholder of the Company upon receiving a written request sent to the Company's address shown on Page 1 of this report.

<b><u>Exhibit #</u></b>	<b><u>Description</u></b>	<b><u>Location</u></b>
Exhibit 3(i)	Articles of Incorporation	*
Exhibit 3(i)(a)	Amended Articles of Incorporation	*
Exhibit 3(i)(b)	Amended Articles of Incorporation	*
Exhibit 3(i)(c)	Amended Articles of Incorporation	*
Exhibit 3(i)(d)	Amended and Restated Articles of Incorporation	**
Exhibit 3(ii)	Bylaws	*
Exhibit 31	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
Exhibit 32	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002***	Attached
101.INS	XBRL Instance Document	Attached
101.SCH	XBRL Taxonomy Extension Schema Document	Attached
101.CAL	XBRL Taxonomy Calculation Linkbase Document	Attached
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Attached
101.LAB	XBRL Taxonomy Label Linkbase Document	Attached
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Attached

\* Incorporated by reference. Filed as exhibit to 10SB12G filed February 5, 2007.

\*\* Incorporated by reference. Filed as exhibit to Definitive 14C Information Statement filed November 13, 2007.

\*\*\* The Exhibit attached to this Form 10-KSB shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

(b) Reports on Form 8-K

None.

(c) Financial Statement Schedules

None.



**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CACTUS VENTURES, INC.**

Date: April 12, 2012

/s/ Diane S. Button

Diane S. Button

Chief Executive Officer and

Chief Financial Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 12, 2012

/s/ Diane S. Button

Diane S. Button

Director

Board of Directors

Cactus Ventures Inc.

Carson City, Nevada

**Report of Independent Registered Public Accounting Firm**

We have audited the accompanying balance sheets of Cactus Ventures Inc. as of December 31, 2011 and 2010, and the related statements of operations, stockholders' deficit, and cash flows for each of the two years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cactus Ventures Inc. as of December 31, 2011 and 2010, and the results of its operations, and its cash flows for each of the two years in the period ended December 31 2011, in conformity with U.S. generally accepted accounting principles.

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The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred net losses since inception, which raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

*/s/ R.R. Hawkins & Associates International, a PC*

Los Angeles, CA

March 23, 2012

***11301 W. Olympic Blvd. # 714***

***Los Angeles, CA 90064***

***T: 310.553.5707 F: 310.553.5337***

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CACTUS VENTURES, INCORPORATED

BALANCE SHEET

December 31, 2011 and 2010

	Audited 2011	Audited 2010
<b><u>ASSETS</u></b>		
Current assets		
Cash in bank	\$ 150	\$ 150
Total current assets	150	150
Equipment and parts	0	0
(Less) Accumulated depreciation	0	0
	0	0
Total assets	\$ 150	\$ 150
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts Payable	\$ 6	\$ 13,694
Accrued Legal Fees	300	1,120
Accrued interest	26,005	21,247
Total current liabilities	26,311	36,061
Notes payable related parties	58,168	58,707
Total liabilities	84,479	94,768
Shareholders' deficit		
Preferred stock, 100,000,000 shares \$.01 par authorized, 0 outstanding		
Common stock, 100,000,000 shares, \$.01 par authorized, 11,155,008 outstanding	111,550	111,550
Paid in capital	63,885	63,885
Retained deficit	(259,764)	(270,053)
Total shareholders' equity	(84,329)	(94,618)
Total liabilities and shareholders' equity	\$ 150	\$ 150

The accompanying notes are an integral part of these financial statements

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CACTUS VENTURES, INCORPORATED

STATEMENT OF OPERATIONS

For the years ended December 31, 2011 and 2010

	2011	2010
Sales	\$ 0	\$ 0
Cost of Goods	0	0
Gross profit	0	0
Expenses		
Bank charges	0	182
Other costs	337	466
Professional fees	9,615	25,405
Total expenses	9,952	26,053
Net loss from operations	(9,952)	(26,053)
Other income (expense)		
Gain on retention of deposit	25,000	35,000
Interest expense	(4,759)	(6,439)
State corporate tax expense	0	(834)
	20,241	27,727
Net income (loss)	\$ 10,289	\$ 1,674
Loss per common share	\$ 0.01	\$ 0.01
Weighted average of shares outstanding	11,155,008	11,155,008

The accompanying notes are an integral part of these financial statements

CACTUS VENTURES, INCORPORATED  
STATEMENT OF SHAREHOLDERS' DEFICIT

December 31, 2011 and 2010

	Common stock		Paid In Capital	Retained Deficit	Total
	Shares	Amount			
January 1, 2010	11,155,008	\$ 111,550	\$ 63,885	\$ (271,727)	\$ (96,292)
Net gain for the period	0	0	0	1,674	1,674
December 31, 2010	11,155,008	\$ 111,550	\$ 63,885	\$ (270,053)	\$ (94,618)
January 1, 2011	11,155,008	\$ 111,550	\$ 63,885	\$ (270,053)	\$ (94,618)
Net gain for the period	0	0	0	10,289	10,289
December 31, 2011	11,155,008	\$ 111,550	\$ 63,885	\$ (259,764)	\$ (84,329)

The accompanying notes are an integral part of these financial statements



CACTUS VENTURES, INCORPORATED  
STATEMENT OF CASH FLOWS-INDIRECT METHOD

For the years ended December 31, 2011 and 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 10,289	\$ 1,674
Adjustment to reconcile net to net cash provided by operating activities		
Increase in Legal fees payable	(820)	(470)
Increase in accounts payable	(13,688)	191
Increase in accrued interest	4,758	6,440
Increase in note payable	0	0
Loss on transfer of assets	0	0
Rounding error	0	0
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>539</b>	<b>7,835</b>
<b>INVESTING ACTIVITIES</b>	<b>0</b>	<b>0</b>
Retire note payable	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>0</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of related party notes	(25,000)	(24,210)
Related party notes	24,461	14,403
<b>NET CASH REALIZED FROM FINANCING ACTIVITIES</b>	<b>(539)</b>	<b>(9,807)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>0</b>	<b>(1,972)</b>
Cash and cash equivalents at the beginning of the year	150	2,122
<b>CASH AND CASH EQUIVALENTS AT YEAR END</b>	<b>\$ 150</b>	<b>\$ 150</b>

The accompanying notes are an integral part of these financial statements

Cactus Ventures, Inc.

Footnotes to Financial Statements

December 31, 2011 and 2010

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the business** The Company was incorporated under the laws of the State of Nevada on October 6, 1997. The Company for the past years has had no activity. Cactus Ventures, Inc. (the Company) is a shell entity that is in the market for a merger with an appropriate company.

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

**Cash and cash equivalents** For financial statement presentation purposes, the Company considers all short term investments with a maturity date of three months or less to be cash equivalents.

**Income Tax** The Company accounts for income taxes under ASC 740 "Income Taxes" which codified SFAS 109, "Accounting for Income Taxes." under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

**Basic and Diluted Net Income (Loss) Per Share** The Company computes net income (loss) per share in accordance with ASC 260 "Earnings Per Share" which codified SFAS No. 128. "Earnings per Share." ASC 260 requires presentation of both basic and diluted earnings per Share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average

number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In

Basic and Diluted Net Income (Loss) Per Share computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti dilutive.

Fair Value of Financial Instruments Accounting Standard Codification ASC 825 "Financial Instruments" codified Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate are carrying values of such amounts.

Stock-based compensation ASC 718 "Compensation - Stock Compensation" codified SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

Cactus Ventures, Inc.

Footnotes to Financial Statements

December 31, 2011 and 2010

**NOTE 1**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 "Equity - Based Payments to Non-Employees" which codified SFAS 123 and the Emerging Issues Task Force consensus in Issue No. 96-18 ("EITF 96-18"), "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services". Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

Issuance of shares for service The Company accounts for the issuance of equity instruments to acquire goods and services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably measurable.

**NOTE 2**

**UNCERTAINTY OF ABILITY TO CONTINUE AS A GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, the company has net accumulated losses since inception, a negative working capital deficiency of \$26,161 and a stockholders' deficiency of \$84,329. These factors raise substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the company's related parties to continue to fund the operations, until such time as the Company can find a company in which to merge with. The financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

**NOTE 3**

**COMMON STOCK**

There were no stock transactions for the years ending December 31, 2011 and 2010.

**NOTE 4**

**RELATED PARTY TRANSACTIONS**

At various times during the previous years, the Company had found it necessary to borrow funds from its shareholders to fund the Company. These notes were due and payable on December 31, 2011, and the parties have agreed to extend them until December 31, 2012. Monies advanced to the company prior to 2007 carried an interest rate of 12%; monies advanced to the company after December 31, 2007 by the related parties carry an interest rate of 8%. The total outstanding as of December 31, 2011 and 2010 was \$58,168 and \$58,707, respectively. The accrued interest on these notes as of December 31, 2011 and 2010 was \$26,005 and \$21,247, respectively. For the years ending December 31, 2011 and 2010, the related parties advanced the Company for working capital purposes \$24,461 and \$14,403 respectively. The Company repaid related parties \$25,000 and \$24,120 for the years ending December 31, 2011 and 2010 respectively.

Cactus Ventures, Inc.

Footnotes to Financial Statements

December 31, 2011 and 2010

**NOTE 5**

**INCOME TAXES**

No provision was made for income tax for the year ending December 31, 2010. The Company from the date of inception to the period December 31, 2010, has incurred net operating losses for tax purposes of approximately \$270,053. The net operating loss carry-forward may be used to reduce taxable income through the year 2026. The availability of the Company's net operating loss carry-forwards is subject to limitation if there is a 50% or more change in the ownership of the Company's stock.

There was no significant difference between reportable income tax and statutory income tax. The gross deferred tax asset balance as of December 31, 2011 was approximately \$38,964. A 100% valuation allowance has been established against the deferred tax asset, as the utilization of the loss carry-forwards cannot reasonably be assured.

As reconciliation between the income taxes computed in the United States is as follows:

	December 31, 2011
	\$
United States federal income tax rate	15%
Valuation allowance - US federal income tax	(15%)
Provision for income tax	\$ 0

**NOTE 6**

**LETTER OF INTENT**

In February 2010, the company signed a non-binding Letter of Intent (LOI) with a British Virgin Islands company, with respect to a possible Share Exchange Transaction. In good faith, a trust agent received deposits of \$15,000 on February 8, 2010 and \$10,000 on February 26, 2010 with associated bank costs of \$81.67 from the British Virgin Islands company. On April 2, 2010 the trust agent received an additional deposit of \$10,000 with associated bank

costs of \$28. In April 2010, the Letter of Intent expired and the deposits became non-refundable.

On April 29<sup>th</sup>, 2011, the Company signed a non-binding Confidential Letter of Intent (LOI) with a private company with respect to a possible Share Exchange Transaction, pending continued discussions, negotiations and completion of due diligence. In good faith, a trust agent received a deposit of \$25,000. On May 16, 2011, the deposits became non-refundable in accordance with the specifications of the LOI. On June 15, 2011, the Company signed Addendum 1 to the Confidential Letter of Intent (CLOI) which amended the closing date no later than July 31, 2011. On August 1, 2011, the Confidential Letter of Intent expired and the deposit became non-refundable.