ADVANCED DEFENSE TECHNOLOGIES, INC

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UNAUDITED FINANCIAL STATEMENTS

The accompanying restated comparative balance sheets of ADVANCED DEFENSE TECHNOLOGIES, INC. as of September 30, 2014 and December 31, 2013 , and the related comparative statements of operations, stockholders' equity, and cash flows for the periods then ended have been prepared by the Company's management and they include all information and notes to the financial statements necessary for a complete presentation of the financial position and the results of the Company's operations.

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ADVANCED DEFENSE TECHNOLOGIES. INC.
COMPARATIVE BALANCE SHEETS
As of September 30, 2014 and December 31, 2013

	As of September 30, 2014	As of December 31, 2013
ASSETS:		
Current Assets:		
Cash	$ 2,209	$ -
Accounts Receivable	-	41,909
Total Current Assets	2,209	41,909
Property and Equipment (net of accumulated depreciation)	4,093	4,819
Other Assets:		
Deferred income taxes - asset	94,164	94,164
Intellectual Properties	50,000	50,000
Business Development Costs	779,300	673,800
Total Other Assets	923,464	817,964
TOTAL ASSETS	929,766	864,692
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current Liabilities:		
Accrued Expenses	13,120	2,501
Loans Payable-Officers	191,626	217,171
Loans Payable-Tahim & Associates, APC	95,935	82,696
Total Current Liabilities	300,680	302,368
Long Term Liabilities:		
Notes Payables - Consultants	474,500	366,500
Total Liabilities	775,180	668,868
Stockholders' Equity:		
Common Stock:		
1,000,000,000 shares authorized at $0 .001 par value		
537,780,990 shares issued and outstanding		
See statement of changes in stockholders' equity	154,586	195,824
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 929,766	$ 864,692

ADVANCED DEFENSE TECHNOLOGIES, INC.
COMPARATIVE STATEMENTS OF OPERATIONS
For The Nine Months Ended September 30, 2014 and Year Ended December 31, 2013

	For the Nine Months Ended September 30, 2014	For the Year Ended December 31, 2013
REVENUE:		
Consulting Income	$ -	$ -
Total Revenue	-	-
EXPENSES:		
Consulting Fees	24,893	41,524
Depreciation	726	1,676
Legal and Professional Fees	31,249	14,190
Rent	10,800	14,400
Salaries - employees	-	28,323
Office expense and supplies	1,625	1,393
Payroll taxes	-	3,313
I.T AND Website expenses	22,539	10,005
Pacific Stock Transfer Dues	2,617	
Market Wire Expenses	7,770	
General and administrative	1,870	21,576
Total Expenses	104,088	136,400
NET OPERATING PROFIT (LOSS)	(104,088)	(136,400)
PROVISION FOR INCOME TAXES		
Taxes - State	150	800
NET LOSS	$ (104,238)	$ (137,200)
NET PROFIT PER COMMON SHARE:		
Basic and diluted	$ -	$ -
Average Outstanding shares		
Basic (stated in 1,000's)	114,781	114,781

ADVANCED DEFENSE TECHNOLOGIES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
For The Period Ended September 30, 2014

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accumulated Deficit from Operations During Development Stage	Total Equity
Balance December 31, 2009	75,000,000	$ 1,000	$ -	$ -	$ 1,000
Reverse Split 1-500 (Note 1)	(74,849,535)	-	-	-	-
Balance June 1, 2010	150,465	1,000	-	-	1,000
Issuance of Common Stock for Asset purchase	50,000,000	50,000	-	-	50,000
Issuance of Common Stock for Services-Legal & Consulting	11,250,000	11,250	-		11,250
Issuance of Common Stock for Debt Conversion	5,000,000	5,000	-		5,000
Issuance of Common Stock subscribed by investors	1,767,063	1,767	243,392	-	245,159
Deficit for the year	-	-	-	(196,283)	(196,283)
Balance December 31, 2010	68,167,528	69,017	243,392	(196,283)	116,126
Issuance of Common Stock subscribed by investors	1,113,462	1,113	201,267	-	202,380
Issuance of Common Stock for Services	28,500,000	28,500			28,500
Prior year's income tax adjustment				(850)	(850)
Deferred income taxes				94,164	94,164
Deficit for the year	-	-	-	(213,774)	(213,774)
Balance December 31, 2011	97,780,990	$ 98,630	$ 444,659	$ (316,743)	$ 226,546
Cancellation of Note Receivable and Issued Shares	(5,000,000)	(5,000)	(1,100)		(6,100)
Issuance of Common Stock	1,000,000	1,000			1,000
Issuance of Common Stock for Services	4,500,000	4,500	4,500		9,000
Issuance of Common Stock for Debt Conversion	15,000,000	15,000	159,000		174,000
Deficit for the period				(89,422)	(89,422)
Balance December 31, 2012	113,280,990	$ 114,130	$ 607,059	$ (406,165)	$ 315,024
Issuance of Common Stock for Services	1,500,000	1,500	16,500		18,000
Deficit for the period				(137,200)	(137,200)
Balance December 31, 2013	114,780,990	115,630	623,559	(543,365)	195,824
Issued 23,000,000 shares for services	23,000,000	23,000			23,000
Issued 400,000,000 shares for services	400,000,000	40,000			40,000
Deficit for the Nine Months Ended September 30, 2014				(104,238)	(104,238)
Balance September 30, 2014	537,780,990	178,630	623,559	(647,603)	154,586

ADVANCED DEFENSE TECHNOLOGIES, INC.
COMPARATIVE STATEMENTS OF CASH FLOWS
For The Nine Months Ended September 30, 2014 and Year Ended December 31, 2013

	For the Nine Months Ended September 30, 2014	For the Year Ended December 31, 2013
Cash Flows From Operating Activities:		
Net Loss	$ (104,237)	$ (137,200)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	726	1,676
Issuance of common stock for services	63,000	
(Increase) /Decrease in assets:		
Prepaid Expenses	-	
Accounts Receivable	41,909	48,341
Increase / (Decrease) in liabilities:		
Accrued Expense	10,619	(5,599)
Net Cash Used in Operating Activities	12,016	(92,782)
Cash Flows From Investing Activities:		
Increase In Other Assets	(105,500)	
Net Cash Used in Investing Activities	(105,500)	
Cash Flows From Financing Activities:	-	
Loans from Officers and Related Parties	(12,306)	85,017
Notes Payable - Consultants	108,000	
Net Cash Provided from Financing Activities	95,694	85,017
	-	
Net Change (Decrease) in Cash	2,210	(7,765)
Cash at Beginning of year	0	7765
Cash (Deficit) at End of the period	$ 2,210	$ -
Supplemental Information:		
Cash paid for income taxes	$ 150	800
Cash Paid for interest expense		-

NOTE 1: GENERAL

The Company was originally organized as "June Project 1 Corp" on May 26, 1998 under the corporate laws of the State of Florida. The Company operated as a Florida for Profit Corporation from then until it changed its name to "Medcore Holdings Inc" on April 13, 2007. The Company operated as a Florida for Profit Corporation from then until it changed its name to Advanced Defense Technologies, Inc on January 19, 2010.

On December 19, 2009 the Company purchased the patents, technology, contracts, ongoing relationships, research projects, research and development funded by the government contracts and exclusive rights to use its patents from "RST Scientific Research Inc". In conjunction with this asset purchase the Company decided to change its name to Advanced Defense Technologies Inc and focus on developing and marketing new breakthrough technologies for applications in defense, home land security and large scale use of communications systems in private sector.

The Company completed its corporate restructuring including a name change, 1- for 500 reverse split, and ticker symbol change to ADCF.PK from MEDC.PK on June 1, 2010.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The books and records of the Company are maintained on an accrual basis of accounting for financial statements and tax reporting purposes.

a. ***Revenue Recognition***

The Company recognizes revenue at the time the services are fully performed.

b. ***Cash and cash equivalents***

The Company considers demand deposits and certificates of deposits, with an original maturity of one year or less, to be cash equivalents. Management believes that as of September 30, 2014, the company had no cash equivalents.

c. ***Concentration of credit risk***

The Company currently maintains substantially all of its cash with major financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures each depositor for up to $250,000. As of September 30, 2014, the Company had no funds in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

d. ***Fair value of financial instruments***

Statement of Financial Accounting Standards ("SFAS") No. 107 "*Disclosures about Fair Value of Financial Instruments*" requires disclosure of fair value information about financial instruments when it is practicable to estimate that value. Management believes that the carrying amounts of the Company's financial instruments, consisting primarily of accounts payable and accrued liabilities approximated their fair values as of September 30, 2014. The fair value of related party transactions are not determinable due to their related-party nature.

e. ***Basic and Diluted Net Income (Loss) Per share***

Basic net income (loss) per share amounts is computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes anti dilutive and then only the basic per share amounts are shown in the report.

NOTE 3: INTELLECTUAL PROPERTIES & BUSINESS DEVELOPMENT COSTS

On December 19, 2009 the Company purchased intellectual properties which include patents, technology, contracts, ongoing relationships, research projects, research and development funded by the government contracts and exclusive rights to use its patents from "RST Scientific Research Inc" for $50,000. As agreed by "RST Scientific Research Inc", Raghbir Tahim and Anne Tahim, officers of "RST Scientific Research Inc have been issued 50,000,000 shares (25,000,000 shares to each officer) of the Company at par value of $0.001.

Business development costs include the payments for attorneys' fees, filing fees and expenses relating to change of name, corporate restructuring and change of ticker symbol. In addition, consultants were engaged to provide services relating to capital structure, reorganization, broker/dealer and institutional investor relations. The Company also retained the services of a human resource management consultant, to provide service relating to human resource management, preparation and review of memorandum of understanding and Independent Contractors' service agreements.

As of December 31, 2011 the Company had Business Development Costs and Intellectual Properties of $252,800 and $50,000, respectively.

As of December 31, 2012, the Company had Business Development Costs and Intellectual Properties of $436,800 and $50,000, respectively.

As of December 31, 2013, the Company had Business Developments Costs of $673,800 and Intellectual Properties of $50,000, respectively.

As of September 30, 2014, the Company had Business Development Costs of $779,300 and Intellectual Properties of $50,000, respectively.

NOTE 4: NOTE PAYABLE TO OFFICERS, CONSULTANTS AND RELATED PARTY TRANSACTIONS

The Company has outstanding notes payable to officers amounting to $191,626 as of September 30, 2014. The notes are payable on demand and do not bear interest.

The Company has outstanding notes payable to consultants, for services rendered, amounting to $474,500 as of September 30, 2014. The notes are payable on demand and do not bear interest.

Notes payable to Tahim and Associates, APC amounting to $95,935 were incurred for various services rendered to the Company. These loans do not bear interest.

The Company subleases its office premises on a month to month basis from Tahim and Associates, APC, owned by one of its officers and stockholders. Office lease expenses for the nine months ended September 30, 2014 amounted to $10,800.

NOTE 5: EQUITY TRANSACTIONS

In 2010 the Company issued 5,000,000 Common stock, in exchange of note receivable amounting to $6,100. However, in March, 2012, the note receivable was cancelled together with the shares issued.

In March, 2012, the Company issued 5,000,000 shares of common stock for conversion of debt into equity in the amount of $54,000. The amount of note payable to consultants has been reduced by $54,000.

On July 19, 2012 the Company issued an aggregate of 1,000,000 shares for subscription money received from one investor in the amount of $1,000.

On August 8, 2012, the Company issued an aggregate of 4,000,000 shares as executive compensation to Raghbir Tahim and Anne Tahim.

In October 2012, the Company issued 10,000,000 shares of common stock for conversion of debt into equity in the amount of $120,000. The amount of notes payable to consultants has been reduced by the same amount.

In October, 2012, the Company issued 500,000 shares of common stock for services rendered.

In March 2013, the Company issued 1,500,000 shares of common stock for services rendered.

A total of 423,000,000 shares common stock were issued in the first nine months of 2014 for services rendered.

NOTE 6: ARTICLE: IV OF THE ARTICLE OF ASSOCIATION –CHANGE IN THE AUTHORIZED CAPITAL STOCK OF THE CORPORATION

Per Article IV "Shares" of Articles of Association dated April 30, 2007, the Capital Stock of the corporation was consisting of 100,000,000 shares of common stock, no par value and 20,000,000 shares of preferred stock. On July 16, 2010 Article IV "Shares" of Articles of Association was amended. Per amendment to Article IV "Shares" the authorized capital stock of the corporation will now be consisting of 1,000,000,000 shares of common stock, $0.001 par value. Further, effective July 16, 2010, 20,000,000 shares of preferred stock will not be part of the authorized capital stock of the corporation.

NOTE 7: INCOME TAX PROVISION, PAYABLE AND DEFERRED TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, "*Accounting for Income Taxes."* SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates for the year in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

For the year ended December 31, 2013, the Company incurred losses. Franchise fees of $800 was recorded as income taxes for the period then ended. Deferred income tax asset of $94,164 represents the benefit on the net operating losses as of December 31, 2011. No additional deferred income tax benefit was recorded for the years ended December 31, 2012 and 2013.