ADVANCED DEFENSE TECHNOLOGIES, INC.

Financial Statements (unaudited)

For the Period Ending March 31, 2015

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(unaudited)

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ADVANCED DEFENSE TECHNOLOGIES. INC.
BALANCE SHEETS
March 31, 2015 and December 31, 2014

	March 31, 2015 (unaudited)	December 31, 2014 (unaudited)
ASSETS:		
Current Assets:		
Cash	$ 1,862	$ 5,477
Total Current Assets	1,862	5,477
Property and Equipment, net	5,375	5,397
Other Assets:		
Deferred income taxes - asset	94,164	94,164
Intellectual Properties	50,000	50,000
Business Development Costs	836,300	807,800
Total Other Assets	980,464	951,964
TOTAL ASSETS	987,700	962,837
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current Liabilities:		
Accrued Expenses	13,884	14,084
Loans Payable-Officers	201,812	196,422
Loans Payable-Tahim & Associates, APC	99,797	99,535
Total Current Liabilities	315,493	310,041
Long Term Liabilities:		
Notes Payables - Consultants	546,500	510,500
Total Liabilities	861,993	820,541
Stockholders' Equity:		
Common Stock:		
1,000,000,000 shares authorized at $0 .001 par value		
539,780,990 shares issued and outstanding		
See statement of changes in stockholders' equity	125,707	142,296
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 987,700	$ 962,837

ADVANCED DEFENSE TECHNOLOGIES, INC.
STATEMENTS OF OPERATIONS
For The Three Month Periods Ended March 31, 2015 and 2014

	For the Three Months Ended March 31, 2015 (unaudited)	For the Three Months Ended March 31, 2014 (unaudited)
REVENUE:		
Consulting Income	$ -	$ -
Total Revenue	-	-
EXPENSES:		
Consulting Fees	-	1,843
Depreciation	22	242
Legal and Professional Fees	8,500	5,000
Rent	3,600	3,600
Salaries - employees	-	-
Office expense and supplies	-	617
OTC Market Group	-	4,200
I.T AND Website expenses	7,500	7,532
Pacific Stock Transfer Dues	1,500	1,096
Market Wire Expenses	-	260
General and administrative	1,467	1,521
Total Expenses	22,589	25,911
NET OPERATING PROFIT (LOSS)	(22,589)	(25,911)
PROVISION FOR INCOME TAXES		
Taxes - State	-	150
NET LOSS	$ (22,589)	$ (26,061)
NET LOSS 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 March 31, 2015

unaudited	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Accumulated Deficit from Operations	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	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	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	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 - services	23,000,000	23,000	-	-	23,000
Issued 400,000,000 shares - services	400,000,000	40,000	-	-	40,000
Deficit for the Period	-	-	-	(116,528)	(116,528)
Balance December 31, 2014	537,780,990	178,630	623,559	(659,893)	142,296
Issued 6,000,000 shares - services	6,000,000	6,000	-	-	6,000
Deficit for the Period	-	-	-	(22,589)	(22,589)
Balance March 31, 2015	543,780,990	$ 184,630	$ 623,559	$ (682,482)	$ 125,707

ADVANCED DEFENSE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
For The Three Month Periods Ended March 31, 2015 and 2014

	For the Three Months Ended March 31, 2015 (unaudited)	For the Three Months Ended March 31, 2014 (unaudited)
Operating Activities:		
Net Loss	$ (22,589)	$ (26,060)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	22	242
Issuance of common stock for services	6,000	-
Change in Accounts Receivable	-	41,909
Change in Accrued Expense	(200)	12,241
Net Cash (Used in) Provided By Operating Activities	(16,767)	28,332
Investing Activities:		
Increase In Other Assets	(28,500)	(28,500)
Net Cash Used in Investing Activities	(28,500)	(28,500)
Financing Activities:		
Loans from Officers and Related Parties	5,641	(34,831)
Notes Payable	36,011	36,000
Net Cash Provided from Financing Activities	41,652	1,169
Net Change (Decrease) in Cash	(3,615)	1,001
Cash at Beginning of period	5,477	-
Cash at End of the period	$ 1,862	$ 1,000
Supplemental Disclosures:		
Cash paid for income taxes	$ -	$ 150
Cash Paid for interest expense	$ -	$ -
Non-cash transactions:		
Shares issued for services	$ 6,000	$ -
Number of shares issued for services	6,000,000	-

Note 1 - Basis of Presentation

The Company was originally organized as “June Project 1 Corp” on May 26, 1998 (inception) under the corporate laws of the State of Florida. June Project 1 Corp operated as a Florida for Profit Corporation from inception until it changed its name to “Medcore Holdings, Inc.” on April 13, 2007. Medcore Holdings, Inc. operated as a Florida for Profit Corporation from April 13, 2007 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant of these estimates and assumptions relate to loss recognition, fair values of assets acquired and liabilities assumed in the normal course of business, market values for stock-based employee compensation expense, income taxes, including the valuations of deferred tax assets, litigation reserves and environmental obligations and the recoverability relating to the useful lives and valuation of recorded amounts of long-lived assets, identifiable intangible assets and goodwill. Changes in estimates are reflected in the periods during which they become known. Actual amounts will differ from these estimates and could differ materially.

Certain reclassifications have been made to conform prior-year amounts to the current-year presentation.

The accompanying financial statements (unaudited) have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate the continuation of the Company as a going concern. As shown in the accompanying financial statements (unaudited), the Company has incurred losses since inception and has an accumulated deficit from operations as of March 31, 2015 of $682,482.

Note 1 - Basis of Presentation (continued)

Management anticipates that the Company will secure its first product development contract during 2015; however, there is no assurance that the Company can successfully commercialize any of its technologies and products and realize any revenues there from. The Company's technologies and products have never been utilized on a large-scale commercial basis and there is no assurance that any of its technologies or products will receive market acceptance. Accordingly, the Company may continue to incur losses in the current and subsequent years. These factors raise substantial doubt about the Company's ability to continue as a going concern.

As of March 31, 2015, the Company had an accumulated deficit since inception of $682,482 and continues to experience a working capital deficiency. Except for nominal amounts, we have not generated any revenues from operations since our inception and we have not been profitable in any reporting period. We will require financing and/or advances against product development contracts in order to commence the necessary produtization of our technologies and for the Company to continue its operations for the next 12-month period.

Management believes that the Company is now in a favorable position to commence generating sustainable revenues and avoid an otherwise necessary capital raise to fund for product commercialization and/or operating costs. No assurance can be given that we can complete the development of any technology or that, if any technology is fully developed, it can be manufactured and marketed on a commercially viable basis. Furthermore, no assurance can be given that any technology will receive market acceptance.

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 in the U.S. (GAAP) and have been consistently applied in the preparation of the financial statements.

Revenue Recognition: Substantially all of the Company’s sales are generated from written contractual (revenue) arrangements. The sales price for the Company’s revenue arrangements are either fixed-price, cost-plus or time-and-material type. Depending on the contractual scope of work, the Company utilizes either contract accounting standards or accounting standards for revenue arrangements with commercial customers to account for these contracts.

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 December 31, 2014, 2014, the Company had no cash equivalents.

Note 2 – Summary of Significant Accounting Policies (continued)

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 December 31, 2014, 2014, the Company had no funds in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

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 June 30, 2014. The fair value of related party transactions are not determinable due to their related-party nature.

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.

Research and Development: Independent research and development (IRAD) costs sponsored by the Company and bid and proposal (B&P) costs relate to both U.S. Government contracts and those for international and commercial customers. The IRAD and B&P costs for certain of the Company's businesses that are U.S. Government contractors are recoverable indirect contract costs that are allocated to U.S. Government contracts in accordance with U.S. Government procurement regulations, and are specifically excluded from research and development accounting standards. The Company includes the recoverable IRAD and B&P costs allocated to U.S. Government contracts in inventoried contract costs, and charges them to costs of sales when the related contract sales are recognized as revenue. Research and development costs that are not recoverable on U.S. Government contracts are accounted for in accordance with research and development accounting standards and are expensed to cost of sales as incurred.

Customer-funded research and development costs are incurred pursuant to contracts (revenue arrangements) to perform research and development activities according to customer specifications. These costs are not accounted for as research and development expenses, and are also not indirect contract costs. Instead, these costs are direct contract costs and are expensed to cost of sales when the corresponding revenue is recognized, which is generally as the research and development services are performed. Customer-funded research and development costs are substantially all incurred under cost-plus type contracts with the U.S. Government.

Note 2 – Summary of Significant Accounting Policies

Stock-Based Compensation: The Company follows the fair value based method of accounting for stock-based employee compensation, which requires the Company to expense all stock-based employee compensation. Stock-based employee compensation is primarily a non-cash expense because the Company settles these obligations by issuing shares of ADTI common stock instead of settling such obligations with cash payments.

Compensation expense for all restricted stock unit and stock option awards is recognized on a straight-line basis over the requisite service period for the entire award based on the grant date fair value. All of the stock options granted to employees by the Company are non-qualified stock options under U.S. income tax regulations. Compensation expense for performance units payable in ADTI common stock is based on the fair value of the units at the grant date (measurement date), adjusted each reporting period for progress towards the target award, and recognized on a straight line basis over the requisite service period.

Income Taxes: The Company provides for income taxes using the liability method. Deferred income tax assets and liabilities reflect tax carryforwards and the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes, as determined under enacted tax laws and rates. The effect of changes in tax laws or rates is accounted for in the period of enactment. Valuation allowances for deferred tax assets are provided when it is more likely than not that the assets will not be realized, considering, when appropriate, tax planning strategies.

Income tax accounting standards prescribe: (1) a minimum recognition threshold that an income tax benefit arising from an uncertain income tax position taken, or expected to be taken, on an income tax return is required to meet before being recognized in the financial statements and (2) the measurement of the income tax benefits recognized from such positions. The Company's accounting policy is to classify uncertain income tax positions that are not expected to be resolved in one year as non-current income tax liabilities and to classify potential interest and penalties on uncertain income tax positions as elements of the provision for income taxes on its financial statements.

Accounting Standards Issued and Not Yet Implemented: In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-2, which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This update is effective for the interim and annual periods beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or cash flows.

Note 2 – Summary of Significant Accounting Policies (continued)

In January 2015, the FASB issued ASU 2015-1, which eliminates from GAAP the concept of extraordinary items. The update is effective for the Company for the interim and annual periods beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or cash flows.

In June 2014, the FASB issued ASU 2014-12, which provides new guidance on accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The update requires a reporting entity to treat a performance target that affects vesting and that could be achieved after the requisite service period as a performance condition under Accounting Standards Codification (ASC) 718 *Compensation — Stock Compensation* , and apply existing guidance as it relates to awards with performance conditions that affect vesting to account for such awards. The update is effective for the Company for the interim and annual periods beginning after December 15, 2015. The adoption of this standard will not have an impact on the Company's financial position, results of operations or
cash flows.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which will replace numerous requirements in U.S. GAAP, including industry-specific requirements, provide companies with a single revenue recognition model for recognizing revenue from contracts with customers and significantly expand the disclosure requirements for revenue arrangements. The new standard will be effective for the Company for interim and annual reporting periods beginning January 1, 2017. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company is currently evaluating the expected impact of the adoption of this standard on its consolidated financial statements and related disclosures and the transition alternatives available. As the new standard will supersede substantially all existing revenue guidance, it could impact revenue and cost recognition on substantially all of the Company's contracts, in addition to the Company's business processes and our information technology systems. As a result, the Company's evaluation of the impact of the standard will extend over future periods.

New Accounting Standards Implemented: In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* , that provides new guidance on the accounting and reporting of discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, the new guidance requires additional disclosures about discontinued operations.

Note 2 – Summary of Significant Accounting Policies (continued)

Effective January 1, 2014, the Company adopted FASB issued amendments to an accounting standard that require an unrecognized tax benefit or portion of an unrecognized tax benefit to be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except when certain conditions exist. The adoption of this standard did not have an impact on the Company's financial position, results of operations or cash flows.

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 March 31, 2015, the Company had Business Development Costs and Intellectual Properties of $836,300.

Note 4 – Note Payables to Officers, Consultants and Related Party Transactions

The Company has outstanding notes payable to officers amounting to $201,812 as of March 31, 2015. The notes are payable on demand and do not bear interest.

The Company has outstanding notes payable to consultants, for services rendered, amounting to $546,500 as of March 31, 2015. The notes are payable on demand and do not bear interest.

The company has outstanding loans payable to Tahim and Associates, APC amounting to $99,797 as of March 31, 2015. The loans were incurred to fund 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 an officers and stockholder of the Company. Office lease expenses for the period ended March 31, 2015 amounted to $3,600.

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 of common stock were issued during the year ended December 31, 2014.

In February 2015, the Company issued 6,000,000 shares of common stock for services rendered.

Note 6 – Change in the Authorized Capital Stock

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 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.

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 benefits have been recorded for any subsequent periods.

Note 8 – Commitments and Contingent Liabilities

The Company is not a defendant in any litigation nor is the Company aware of any potential or threatened litigation.