SCRYPT, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2015 (Unaudited) and December 31, 2014 (Audited)

ASSETS

	Unaudited 2015	Audited 2014
Current assets		
Cash and cash equivalents	$ 53,601	$ 152,389
Accounts receivable - trade, net of allowance for doubtful accounts of $4,309 and $3,812, respectively	861,909	997,118
Receivable due from Axacore, Inc.	-	202,407
Inventory	108,109	93,053
Prepaid expenses	107,108	45,112
Accrued interest income	2,394	1,028
Total current assets	1,133,121	1,491,107
Noncurrent assets		
Related party notes receivable	308,556	208,556
Property and equipment, net of accumulated depreciation of $1,501,733 and $1,049,437, respectively	1,213,497	611,164
Prepaid expenses	45,076	34,446
Goodwill	1,380,632	1,380,632
Intangible Assets, net of accumulated amortization of $379,143 and $0, respectively	1,901,857	2,281,000
Total noncurrent assets	4,849,618	4,515,798
Total assets	$ 5,982,739	$ 6,006,906

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Current portion of notes payable; including $145,000 and $122,500 to related parties, respectively	$ 273,100	$ 338,700
Capital lease liability	78,761	-
Payable due to Axacore, Inc.	-	634,927
Line of credit	237,600	-
Accounts payable - trade	277,102	410,012
Accrued payroll and payroll taxes	32,221	43,532
Deferred revenue	1,010,428	704,269
Accrued interest expense	22,505	9,756
Other accrued expenses	215,411	36,709
Total current liabilities	2,147,128	2,177,905
Noncurrent liabilities		
Long-term portion of notes payable; including $0 and $7,500 to a related party, respectively	-	65,600
Capital lease liability	107,471	-
Total noncurrent liabilities	107,471	65,600
Total liabilities	$ 2,254,599	$ 2,243,505
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock - $0.001 par value; 15,000,000 shares authorized:	925	925
Series A convertible preferred stock - 925,000 shares issued and outstanding (liquidation preference of $925,000)		
Series B convertible preferred stock - 454,547 shares issued and outstanding (liquidation preference of $500,002)	454	454
Common stock - $0.001 par value; 55,000,000 shares authorized, 46,049,614 shares issued and outstanding	46,050	46,050
Additional paid-in capital	49,969,765	49,781,019
Accumulated deficit	(46,289,054)	(46,065,048)
Total shareholders' equity	3,728,140	3,763,400
Total liabilities and shareholders' equity	$ 5,982,739	$ 6,006,906

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Twelve Months Ended December 31, 2015 and 2014

	Unaudited 2015	Audited 2014
Revenues	$ 8,339,995	$ 3,728,571
Operating expenses		
Cost of revenues	2,589,649	1,585,421
Selling, general and administrative	5,928,650	3,829,900
Operating profit (loss)	(178,304)	(1,686,750)
Other income (expense)		
Gain (Loss) on sale of assets	4,000	-
Interest expense, net	(35,117)	(10,927)
Other expense, net	-	(142,463)
Net loss before income taxes	$ (209,421)	$ (1,840,140)
Income tax expense	$ 14,585	$ 10,402
Net loss attributable to common shareholders	$ (224,006)	$ (1,850,542)
Net loss per common share - basic and diluted	$ (0.00)	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	46,049,614	30,946,526

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
For the Twelve Months Ended December 31, 2015 (Unaudited) and Year Ended December 31, 2014 (Audited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid - in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2013	925,000	$ 925	454,547	$ 454	28,053,866	$ 28,054	$ 44,593,475	$ (44,214,507)	$ 408,401
Issuance of common stock in connection with the sale of common stock shares	-	-	-	-	880,000	880	263,120	-	264,000
Issuance of common stock in connection with the Termination of the Technology License Agreement with SecureCare Technologies, Inc. UK Ltd.	-	-	-	-	700,000	700	132,300	-	133,000
Issuance of common stock	-	-	-	-	5,515,748	5,516	1,042,476	-	1,047,992
Compensation expense related to stock options	-	-	-	-	-	-	54,549	-	54,549
Issuance of common stock in connection with the acquisition of Axacore, Inc.	-	-	-	-	10,900,000	10,900	3,695,100	-	3,706,000
Net loss	-	-	-	-	-	-	-	(1,850,542)	(1,850,542)
Balance at December 31, 2014	925,000	$ 925	454,547	$ 454	46,049,614	$ 46,050	$ 49,781,019	$ (46,065,048)	$ 3,763,400
Compensation Expense Related to Stock Options	-	-	-	-	-	-	188,746	-	188,746
Net loss	-	-	-	-	-	-	-	(224,006)	(224,006)
Balance at December 31, 2015	925,000	$ 925	454,547	$ 454	46,049,614	$ 46,050	$ 49,969,765	$ (46,289,054)	$ 3,728,140

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Twelve Months Ended December 31, 2015 and 2014

	Unaudited 2015	Audited 2014
Cash flows from operating activities		
Net loss	$ (224,006)	$ (1,850,542)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	647,605	164,582
Compensation expense related to stock options	188,746	54,549
Stock issuance expense resulting from cancellation of an agreement	-	133,000
Compensation expense related to common stock issuance	-	1,047,992
Changes in operating assets and liabilities:		
Accounts receivable - trade	(455,369)	(65,371)
Prepaid expenses	(72,626)	(21,490)
Inventory	(15,056)	-
Interest Receivable	(10,229)	-
Deferred revenue	306,159	275,832
Accounts payable - trade	9,879	121,466
Other liabilities	182,838	14,446
Cash flows provided (used) by operating activities	557,941	(125,536)
Cash flows from investing activities		
Capital expenditures	(32,578)	(38,626)
Capitalized software development costs	(601,933)	(361,033)
Cash remitted in Axacore, Inc. merger	(87,430)	-
Cash assumed in Axacore, Inc. merger	-	33,444
Issuance of related party note receivable	(100,000)	(209,584)
Cash flows used in investing activities	(821,941)	(575,799)
Cash flows from financing activities		
Proceeds from common stock sale	-	264,000
Proceeds from issuance of note payable	150,000	349,300
Proceeds from related party advances	185,000	-
Net borrowing under line of credit agreement	237,600	-
Payments on notes payable	(321,200)	(50,000)
Payment of related party advances	(45,000)	-
Payments on capital lease	(50,052)	-
Proceeds from interest receivable	8,864	-
Cash flows provided by financing activities	165,212	563,300
Net decrease in cash and cash equivalents	(98,788)	(138,036)
Cash and cash equivalents, beginning of period	152,389	290,424
Cash and cash equivalents, end of period	$ 53,601	152,389
Supplemental disclosures for cash flow information:		
Cash received for interest	$ 8,864	-
Cash paid for interest	$ (23,059)	9,014
Cash paid for income taxes	$ (10,646)	-
Supplemental non-cash financing activity:		
Capital lease acquisition	$ 236,284	-