SCRYPT, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2016 (Unaudited) and December 31, 2015 (Audited)

ASSETS

	Unaudited 2016	Audited 2015
Current assets		
Cash and cash equivalents	$ 89,193	$ 53,601
Accounts receivable - trade, net of allowance for doubtful accounts of $12,592 and $4,309, respectively	1,137,944	861,909
Inventory	49,207	76,226
Current portion of prepaid expenses	101,203	107,108
Interest income receivable	-	2,394
Total current assets	1,377,547	1,101,238
Noncurrent assets		
Related party notes receivable	-	308,556
Property and equipment, net of accumulated depreciation of $1,241,369 and $1,072,406, respectively	1,227,843	1,213,497
Prepaid expenses, net of current portion	43,037	45,076
Goodwill	2,274,837	1,380,632
Intangible Assets, net of accumulated amortization of $606,214 and $379,143, respectively	2,384,786	1,901,857
Total noncurrent assets	5,930,503	4,849,618
Total assets	$ 7,308,050	$ 5,950,856

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Current portion of notes payable, including $200,000 and $233,100 to related parties, respectively	$ 440,898	$ 233,100
Related party advance	25,000	40,000
Current portion of capital lease obligation	78,762	78,761
Line of credit	212,600	237,600
Accounts payable - trade	265,359	277,102
Accrued payroll and payroll taxes	122,996	77,878
Deferred revenue	1,328,884	1,010,428
Accrued interest expense	18,695	22,505
Other accrued expenses	286,099	234,387
Total current liabilities	2,779,293	2,211,761
Noncurrent liabilities		
Long-term portion of notes payable	155,374	-
Capital lease obligation, net of current portion	68,091	107,471
Common stock issued under agreement to repurchase, at fair value	233,000	-
Total noncurrent liabilities	456,465	107,471
Total liabilities	$ 3,235,758	$ 2,319,232
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, 48,474,306 and 46,049,614 shares issued and outstanding, respectively	48,474	46,050
Additional paid-in capital	50,823,508	49,969,765
Accumulated deficit	(46,801,069)	(46,385,570)
Total shareholders' equity	4,072,292	3,631,624
Total liabilities and shareholders' equity	$ 7,308,050	$ 5,950,856

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended June 30, 2016 and 2015

	Unaudited 2016	Unaudited 2015
Revenues	$ 2,739,039	$ 2,076,624
Operating expenses		
Cost of revenues	947,378	616,582
Selling, general and administrative	2,178,801	1,464,840
Total operating expenses	3,126,179	2,081,422
Operating loss	(387,140)	(4,798)
Other expense		
Interest expense, net	(12,927)	(7,085)
Net loss before income taxes	$ (400,067)	$ (11,883)
Income tax expense	$ 7,000	$ 1,761
Net loss attributable to common shareholders	$ (407,067)	$ (13,644)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	46,875,607	46,049,614

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2016 and 2015

	Unaudited 2016	Unaudited 2015
Revenues	$ 5,211,878	$ 3,975,305
Operating expenses		
Cost of revenues	1,709,473	1,200,337
Selling, general and administrative	3,871,940	2,782,863
Total operating expenses	5,581,413	3,983,200
Operating loss	(369,535)	(7,895)
Other expense		
Loss on sale of assets	(929)	-
Interest expense, net	(31,035)	(15,035)
Net loss before income taxes	$ (401,499)	$ (22,930)
Income tax expense	$ 14,000	$ 4,382
Net loss attributable to common shareholders	$ (415,499)	$ (27,313)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	47,674,956	46,049,614

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2016 (Unaudited) and Year Ended December 31, 2015 (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, 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	-	-	-	-	-	-	-	(320,522)	(320,522)
Balance at December 31, 2015	925,000	$ 925	454,547	$ 454	46,049,614	$ 46,050	$ 49,969,765	$ (46,385,570)	$ 3,631,624
Compensation expense related to stock options	-	-	-	-	-	-	95,044	-	95,044
Issuance of common stock in connection with the acquisition of J&H Medsoft Limited Liability Company, DBA DocbookMD					2,424,692	2,424	758,699	-	761,123
Net loss	-	-	-	-	-	-	-	(415,499)	(415,499)
Balance at June 30, 2016	925,000	$ 925	454,547	$ 454	48,474,306	$ 48,474	$ 50,823,508	$ (46,801,069)	$ 4,072,292

SCRYPT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2016 and 2015

	Unaudited 2016	Unaudited 2015
Cash flows from operating activities		
Net loss	$ (415,499)	$ (27,313)
Adjustments to reconcile net loss to net cash provided in operating activities:		
Depreciation and amortization	408,601	316,147
Compensation expense related to stock options	95,044	112,440
Compensation expense related to note receivable impairment	310,950	-
Reserve for obsolete inventory	744	-
Loss on sale of asset	929	-
Changes in operating assets and liabilities:		
Accounts receivable - trade	(248,813)	195,689
Receivable due from Axacore	-	126,203
Inventory	26,275	27,465
Prepaid expenses	9,731	(31,310)
Interest receivable	-	16
Deferred revenue	187,397	230,323
Accounts payable - trade	(56,122)	(158,097)
Payable due to Axacore	-	(531,730)
Other liabilities	63,588	74,708
Cash flows provided by operating activities	382,825	334,542
Cash flows from investing activities		
Capital expenditures	(2,218)	(16,809)
Proceeds from sale of asset	1,800	-
Capitalized software development costs	(196,387)	(271,937)
Cash assumed in DocbookMD Merger	12,052	-
Issuance of related party note receivable	(50,000)	-
Cash flows used in investing activities	(234,753)	(288,746)
Cash flows from financing activities		
Proceeds from issuance of notes payable	-	50,000
Proceeds from related party advances	25,000	20,000
Net borrowing under line of credit agreement	(25,000)	175,000
Payments on related party notes payable	(33,100)	(208,100)
Payment of related party advances	(40,000)	(20,000)
Payments on capital lease	(39,380)	(20,847)
Cash flows used by financing activities	(112,480)	(3,947)
Net increase in cash and cash equivalents	35,592	41,849
Cash and cash equivalents, beginning of period	53,601	152,389
Cash and cash equivalents, end of period	$ 89,193	194,238
Supplemental disclosures for cash flow information:		
Cash paid for interest	$ 30,322	13,044
Cash paid for income taxes	$ 9,076	3,882
Supplemental non-cash financing activity:		
Capital lease acquisition	$ -	144,695