

**Stratton Holdings, Inc.**  
**Statement of Operations**  
**For the twelve month period ended December 31, 2011**  
**(Unaudited)**

	Three month period ended December 31, 2011 <u>Unaudited</u>	Twelve month period ended December 31, 2011 <u>Unaudited</u>
<b>Revenues</b>	<b>\$ 114</b>	<b>\$ 445</b>
<b>Cost of Goods Sold</b>	<u>-</u>	<u>-</u>
<b>Gross Profit on Sales</b>	<u><b>\$ 114</b></u>	<u><b>\$ 445</b></u>
<b>Expenses</b>		
Professional fees	115,154	150,468
Other General and Administrative Expenses	<u>98,567</u>	<u>120,019</u>
Total Expense	<u>213,721</u>	<u>270,487</u>
<b>Net Loss from Operations</b>	<u><b>(213,607)</b></u>	<u><b>(270,042)</b></u>
<b>Other (Expense) Income</b>		
Interest Expense	<u>-</u>	<u>(14,650)</u>
<b>Total Other (Expense) Income</b>	<u>-</u>	<u><b>14,650</b></u>
<b>Net Loss</b>	<u><b>\$ (213,607)</b></u>	<u><b>\$ (284,692)</b></u>
Weighted Average Basic & Fully Diluted Outstanding Shares	777,083,397	792,742,485
Basic & Fully Diluted Loss per Share	\$ (0.00027)	\$ (0.00036)

**Stratton Holdings, Inc.**  
**Balance Sheet**  
**For the twelve month period ended December 31, 2011**  
**(Unaudited)**

	As of December 31, 2011 <u>Unaudited</u>	As of December 31, 2010 <u>Unaudited</u>
<b>Current Assets</b>		
Cash	\$ 10,005	\$ 902
Accounts Receivables	-	20,000
Inventory	-	-
Other Current Assets	-	-
Total Current Assets	<u>10,005</u>	<u>20,902</u>
Furniture & Equipment, net of accumulated depreciation	-	60,500
Other Assets	<u>92,500</u>	<u>10,000</u>
	<b><u>\$ 102,505</u></b>	<b><u>\$ 91,402</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Accounts Payable	\$ 1,894	\$ 2,800
Accrued Expenses	-	20,000
Notes Payable, current poriton	<u>146,000</u>	<u>42,800</u>
Total Current Liabilities	<u>147,894</u>	<u>65,600</u>
Long-term Liabilities		
Notes Payable	<u>-</u>	<u>-</u>
Total Long-term Liabilities	<u>-</u>	<u>-</u>
<b>Stockholders' Equity</b>		
Preferred Stock, \$0.001 Par Value, 1,000,000 Shares Authorized, 600,000 shares outatanding at the end of Q4	600	-
Common Stock, \$0.0001 Par Value, 1,500,000,000 Shares Authorized, 1,159,608,141 shares outatanding at the end of Q4	116,020	74,109
Additional Paid In Capital	1,047,882	876,893
Accumulated Deficit	(925,200)	(925,200)
Net Income (Loss)	<u>(284,692)</u>	<u>-</u>
Total Stockholders' Equity	<u>(45,390)</u>	<u>25,802</u>
	<b><u>\$ 102,505</u></b>	<b><u>\$ 91,402</u></b>

**Stratton Holdings, Inc.**  
**Statement of Cash Flows**  
**For the twelve month period ended December 31, 2011**  
**(Unaudited)**

	Three month period ended December 31, 2011 <u>Unaudited</u>	Twelve month period ended December 31, 2011 <u>Unaudited</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	(213,607)	(284,692)
Adjustments to reconcile bet loss to cash used by operating activities:		
Depreciaton, depletion and amortization		
Amortization of debt discount and deferred financing costs		
Changes in operating assets and liabilities:		
Accounts receivable	-	20,000
Officer loan	(65,000)	(68,495)
Accounts payable	1,894	(906)
Other current liabilities	-	(20,000)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(276,713)</u>	<u>(354,093)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Product Development	(2,500)	(17,500)
Purchase of furniture and equipment	-	45
Write down for impairment of furniture and fixtures	60,455	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>57,955</u>	<u>(17,455)</u>
<b>CASH FLOWS FROM FINANCIANG ACTIVITIES</b>		
Amounts due to related parties	-	-
Proceeds from issuance of notes payable, gross	96,000	231,094
Repayment of notes payable	-	(124,399)
Proceeds from additional paid in capital	85,205	266,987
Proceeeds from issuance of common stock	41,295	41,913
Proceeeds from issuance of perferred stock	-	600
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>280,455</u>	<u>398,740</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>3,743</u>	<u>44,647</u>
Cash and cash equivalents, beginning of period	6,262	902
Cash and cash equivalents, end of period	<u>10,005</u>	<u>10,005</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>3,743</u>	<u>9,103</u>

**Stratton Holdings, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the twelve month period ended December 31, 2011**  
**(Unaudited)**

Beginning Common Stock	951,602	
Plus: Common Stock Issued	238,500	
Less: Common Stock Cancelled	(25,600)	
Ending Common Stock		1,164,502
Beginning Retained Earnings	(925,200)	
Plus: Net Loss	(284,692)	
Less: Dividends	-	
Ending Retained Earnings		(1,209,892)
Total Stockholders Equity		(45,390)