

SCRIPT, INC.
BALANCE SHEETS
March 31, 2014 (Unaudited) and December 31, 2013 (Unaudited)

ASSETS

	Unaudited 2014	Unaudited 2013
Current assets		
Cash and cash equivalents	\$ 298,461	\$ 290,425
Accounts receivable - trade, net of allowance for doubtful accounts of \$7,878	216,695	252,067
Prepaid expenses	28,378	30,432
Total current assets	543,534	572,924
Property and equipment, net of accumulated depreciation of \$923,882 and \$884,855, respectively	420,129	346,015
Total assets	\$ 963,663	\$ 918,939

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current Liabilities		
Current portion of notes payable	\$ 55,000	\$ 105,000
Accounts payable - trade	151,527	161,272
Accrued payroll	16,001	21,334
Accrued payroll taxes, including penalties and interest	33,698	33,474
Deferred revenue	316,408	276,030
Accrued interest	4,797	6,815
Other accrued liabilities	33,817	33,613
Total current liabilities	611,247	637,539
Total liabilities	611,247	637,539
Shareholders' deficit		
Preferred stock - \$0.001 par value; 15,000,000 shares authorized:		
Series A convertible preferred stock - 925,000 shares issued and outstanding (liquidation preference of \$925,000)	925	925
Series B convertible preferred stock - 454,547 shares issued and outstanding (liquidation preference of \$500,002)	454	454
Common stock - \$0.001 par value; 40,000,000 shares authorized, 29,553,892 and 28,053,892 shares issued and outstanding, respectively	29,554	28,054
Additional paid-in capital	45,004,288	44,628,402
Accumulated deficit	(44,682,806)	(44,376,436)
Total shareholders' deficit	352,416	281,399
Total liabilities and shareholders' deficit	\$ 963,663	\$ 918,939

SCRIPT, INC.
STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2014 (Unaudited) and 2013 (Unaudited)

	Unaudited 2014	Unaudited 2013
Revenues	\$ 704,820	\$ 508,456
Operating expenses		
Cost of revenues	340,742	299,997
Selling, general and administrative	535,336	451,608
Operating loss	(171,258)	(243,149)
Other income (expense)		
Other income	-	-
Interest expense	(2,113)	(8,323)
Extraordinary items	(133,000)	-
Net loss attributable to common shareholders	\$ (306,370)	\$ (251,472)
Net loss per common share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	28,850,966	25,647,251

SCRYPT, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Three Months Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Net loss	\$ (306,370)	\$ (251,472)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	39,027	42,593
Stock compensation expense	4,386	15,873
Stock issuance expense resulting from cancellation of an agreement	133,000	-
Gain on liability adjustment	-	(194)
Expense associated with issuance of bonus shares of common stock	-	5,520
Amortization of debt discount	-	1,301
Increases and decreases in working capital accounts:		
Accounts receivable - trade	35,372	50,687
Prepaid expenses	2,054	(3,210)
Deferred revenue	40,378	(3,701)
Accounts payable - trade	(9,745)	56,574
Accrued liabilities	(6,924)	30,946
Cash flows used by operating activities	<u>(68,822)</u>	<u>(55,083)</u>
Cash flows from investing activities		
Capital expenditures	(41,475)	(3,078)
Capitalized software development costs	(71,667)	(59,525)
Cash flows used in investing activities	<u>(113,142)</u>	<u>(62,603)</u>
Cash flows from financing activities		
Proceeds from common stock sale	240,000	88,146
Proceeds from issuance of notes payable	-	50,800
Payments on notes payable	(50,000)	(63,946)
Cash flows provided by financing activities	<u>190,000</u>	<u>75,000</u>
Net increase (decrease) in cash and cash equivalents	8,036	(42,685)
Cash and cash equivalents, beginning of period	<u>290,425</u>	<u>61,237</u>
Cash and cash equivalents, end of period	\$ <u><u>298,461</u></u>	\$ <u><u>18,552</u></u>
Supplemental disclosures for cash flow information:		
Interest Paid	\$ <u><u>(4,131)</u></u>	\$ <u><u>-</u></u>
Supplemental non-cash financing activity:		
Conversion of notes payable, overdraft advances and accrued interest to common stock	\$ <u><u>-</u></u>	\$ <u><u>11,734</u></u>

SECURECARE TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIT
For the Period Ended March 31, 2014 (Unaudited) and December 31, 2013 (Unaudited) and December 31, 2012 (Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid - in Capital	Receivable for the Purchase of Equity	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2011 (Audited)	<u>925,000</u>	<u>\$ 925</u>	<u>454,547</u>	<u>\$ 454</u>	<u>-</u>	<u>\$ -</u>	<u>22,825,093</u>	<u>\$ 22,825</u>	<u>\$ 42,693,417</u>	<u>\$ -</u>	<u>\$ (43,032,145)</u>	<u>\$ (314,524)</u>
Issuance of common stock in connection with the sale of common stock shares							1,687,950	1,688	489,692			491,380
Issuance of common stock in connection with the issuance of notes payable and overdraft							54,930	55	14,777			14,832
Issuance of common stock in connection with the conversion of notes payable							880,780	881	263,355			264,236
Issuance of common stock in connection with the conversion of accrued interest							44,520	45	13,311			13,356
Stock Compensation Expense									85,278			85,278
Net loss for the year											(550,800)	(550,800)
Balance at December 31, 2012 (Audited)	<u>925,000</u>	<u>\$ 925</u>	<u>454,547</u>	<u>\$ 454</u>	<u>-</u>	<u>\$ -</u>	<u>25,493,273</u>	<u>\$ 25,493</u>	<u>\$ 43,559,831</u>	<u>\$ -</u>	<u>\$ (43,582,945)</u>	<u>\$ 3,758</u>
Issuance of common stock in connection with the sale of common stock shares							1,854,320	1,854	552,192			554,046
Issuance of common stock in connection with the conversion of notes payable							417,600	418	124,862			125,280
Issuance of common stock in connection with the conversion of overdraft							200,005	200	59,800			60,000
Issuance of common stock in connection with the conversion of accrued interest							16,553	17	4,950			4,966
Issuance of bonus shares of common stock							72,115	72	21,562			21,635
Stock Compensation Expense									305,205			305,205
Net loss for the year											(793,491)	(793,491)
Balance at December 31, 2013 (Unaudited)	<u>925,000</u>	<u>\$ 925</u>	<u>454,547</u>	<u>\$ 454</u>	<u>-</u>	<u>\$ -</u>	<u>28,053,866</u>	<u>\$ 28,054</u>	<u>\$ 44,628,402</u>	<u>\$ -</u>	<u>\$ (44,376,436)</u>	<u>\$ 281,399</u>
Issuance of common stock in connection with the sale of common stock shares							800,000	800	239,200			240,000
Termination of the Technology License Agreement with SecureCare Technologies, Inc. UK Ltd.							700,000	700	132,300			133,000
Stock Compensation Expense									4,386			4386
Net loss for the year											(306,370)	(306,370)
Balance at March 31, 2014 (Unaudited)	<u>925,000</u>	<u>925</u>	<u>454,547</u>	<u>454</u>	<u>-</u>	<u>-</u>	<u>29,553,866</u>	<u>29,554</u>	<u>45,004,289</u>	<u>-</u>	<u>(44,682,806)</u>	<u>352,416</u>