

**SCRYPT, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**September 30, 2015 (Unaudited) and December 31, 2014 (Audited)**

ASSETS

	Unaudited 2015	Audited 2014
Current assets		
Cash and cash equivalents	\$ 24,636	\$ 152,389
Accounts receivable - trade, net of allowance for doubtful accounts of \$1,861 and \$3,812, respectively	853,518	997,118
Receivable due from Axacore, Inc.	-	202,407
Inventory	80,915	93,053
Prepaid expenses	123,452	79,558
Accrued interest income	3,541	1,028
Total current assets	<u>1,086,063</u>	<u>1,525,554</u>
Noncurrent assets		
Related party notes receivable	308,556	208,556
Property and equipment, net of accumulated depreciation of \$1,742,596 and \$1,049,437, respectively	1,196,247	611,164
Goodwill	1,380,632	1,380,632
Intangible Assets, net of accumulated amortization of \$284,357 and \$0, respectively	<u>1,996,643</u>	<u>2,281,000</u>
Total noncurrent assets	4,882,078	\$ 4,481,352
Total assets	<u>\$ 5,968,141</u>	<u>\$ 6,006,906</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Current portion of notes payable; including \$105,000 and \$122,500 to related parties, respectively	\$ 291,200	\$ 338,700
Payable due to Axacore, Inc.	-	634,927
Line of credit	237,600	-
Accounts payable - trade	213,122	410,012
Accrued payroll and payroll taxes	-	43,532
Deferred revenue	1,009,993	704,269
Accrued interest expense	16,087	9,756
Other accrued expenses	<u>203,242</u>	<u>36,709</u>
Total current liabilities	1,971,244	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	<u>111,790</u>	<u>-</u>
Total noncurrent liabilities	111,790	65,600
Total liabilities	\$ 2,083,034	\$ 2,243,505
Commitments and contingencies	-	-
Shareholders' equity		
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; 55,000,000 shares authorized, 46,049,614 shares issued and outstanding	46,050	46,050
Additional paid-in capital	49,931,040	49,781,019
Accumulated deficit	<u>(46,093,362)</u>	<u>(46,065,048)</u>
Total shareholders' equity	3,885,107	3,763,400
Total liabilities and shareholders' equity	<u>\$ 5,968,141</u>	<u>\$ 6,006,906</u>

**SCRIPT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Nine Months Ended September 30, 2015 and 2014**

	Unaudited 2015	Unaudited 2014
Revenues	\$ 6,069,666	\$ 2,507,134
Operating expenses		
Cost of revenues	1,777,382	1,163,739
Selling, general and administrative	4,281,965	2,388,676
Operating profit (loss)	10,319	(1,045,281)
Other income (expense)		
Interest expense, net	(24,422)	(5,967)
Other expense, net	-	(133,000)
Net loss before income taxes	\$ (14,103)	\$ (1,184,248)
Income tax expense	\$ 14,211	\$ 7,402
Net loss attributable to common shareholders	\$ (28,314)	\$ (1,191,651)
Net loss per common share - basic and diluted	\$ (0.00)	\$ (0.04)
Weighted average number of common shares outstanding - basic and diluted	46,049,640	29,530,092

**SCRIPT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Three Months Ended September 30, 2015 and 2014**

	Unaudited 2015	Unaudited 2014
Revenues	\$ 2,149,486	\$ 1,001,235
Operating expenses		
Cost of revenues	685,825	429,851
Selling, general and administrative	1,521,664	1,253,843
Operating profit (loss)	(58,003)	(682,460)
Other income (expense)		
Interest expense, net	(9,387)	(2,468)
Other expense, net	-	-
Net loss before income taxes	\$ (67,390)	\$ (684,928)
Income tax expense	\$ 7,703	\$ 6,552
Net loss attributable to common shareholders	\$ (75,093)	\$ (691,480)
Net loss per common share - basic and diluted	\$ 0.00	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	46,049,640	30,113,522

**SCRIPT, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY**  
**For the Nine Months Ended September 30, 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			
<b>Balance at December 31, 2013</b>	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)
<b>Balance at December 31, 2014</b>	925,000	\$ 925	454,547	\$ 454	46,049,614	\$ 46,050	\$ 49,781,019	\$ (46,065,048)	\$ 3,763,400
<b>Compensation Expense Related to Stock Options</b>	-	-	-	-	-	-	150,021	-	150,021
<b>Net loss</b>	-	-	-	-	-	-	-	(28,314)	(28,314)
<b>Balance at September 30, 2015</b>	925,000	\$ 925	454,547	\$ 454	46,049,614	\$ 46,050	\$ 49,931,040	\$ (46,093,362)	\$ 3,885,107

**SCRIPT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Nine Months Ended September 30, 2015 and 2014**

	Unaudited 2015	Unaudited 2014
Cash flows from operating activities		
Net loss	\$ (28,314)	\$ (1,191,651)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	548,189	120,513
Compensation expense related to stock options	150,021	54,549
Stock issuance expense resulting from cancellation of an agreement	-	133,000
Compensation expense related to common stock issuance	-	401,768
Changes in operating assets and liabilities:		
Accounts receivable - trade	(446,978)	98,636
Prepaid expenses	(43,894)	(10,115)
Inventory	12,138	-
Interest Receivable	(6,945)	-
Deferred revenue	305,724	199,766
Accounts payable - trade	(54,101)	(35,348)
Other liabilities	124,914	(2,984)
Cash flows provided (used) by operating activities	<u>560,754</u>	<u>(231,867)</u>
Cash flows from investing activities		
Capital expenditures	(18,874)	(49,076)
Capitalized software development costs	(685,347)	(261,666)
Cash remitted in Axacore, Inc. merger	(87,430)	-
Issuance of related party note receivable	<u>(100,000)</u>	<u>-</u>
Cash flows used in investing activities	<u>(891,651)</u>	<u>(310,741)</u>
Cash flows from financing activities		
Proceeds from common stock sale	-	264,000
Proceeds from issuance of note payable	150,000	174,300
Proceeds from related party advances	120,000	-
Net borrowing under line of credit agreement	237,600	-
Payments on notes payable	(263,100)	(50,000)
Payment of related party advances	(20,000)	-
Payments on capital lease	(25,789)	-
Proceeds from interest receivable	4,432	-
Cash flows provided by financing activities	<u>203,143</u>	<u>388,300</u>
Net decrease in cash and cash equivalents	(127,754)	(154,308)
Cash and cash equivalents, beginning of period	<u>152,389</u>	<u>290,424</u>
Cash and cash equivalents, end of period	\$ <u><u>24,636</u></u>	\$ <u><u>136,116</u></u>
Supplemental disclosures for cash flow information:		
Cash received for interest	\$ <u><u>4,432</u></u>	\$ <u><u>-</u></u>
Cash paid for interest	\$ <u><u>(18,805)</u></u>	\$ <u><u>(6,896)</u></u>
Cash paid for income taxes	\$ <u><u>(10,585)</u></u>	\$ <u><u>(6,069)</u></u>
Supplemental non-cash financing activity:		
Capital lease acquisition	\$ <u><u>144,695</u></u>	\$ <u><u>-</u></u>