

**HEALTHNOSTICS, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2011**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 3,013
Contracts receivable	376,995
Other receivables	4,330
Total current assets	<u>384,338</u>
Other Assets	159,872
Intangible Assets	1,745,000
Total other assets	<u>1,904,872</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,289,210</u></b>

**LIABILITY AND STOCKHOLDERS' EQUITY (DEFICIT)**

Current Liabilities	
Accounts payable	\$ 136,087
Accrued expenses	45,372
Total current liabilities	<u>181,459</u>
Long term liabilities	
Note payable	15,813
Total long term liabilities	<u>15,813</u>
Shareholders' equity	2,091,938
Total shareholders' equity (deficit)	<u>2,091,938</u>
Total liabilities and shareholders' equity (deficit)	<b><u>\$ 2,289,210</u></b>

**HEALTHNOSTICS, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>REVENUES</b>	
Sales & services revenue	\$ 329,699
Misc. income	195,771
<b>Total revenue</b>	<u>525,470</u>
<b>OPERATING EXPENSES</b>	
Operations	87,587
General and administrative	476,540
Selling	10,091
<b>Total Operating Expenses</b>	<u>574,218</u>
<b>INCOME BEFORE OTHER (EXPENSE)</b>	
Interest	(28,444)
<b>Total Other Expense</b>	<u>(28,444)</u>
<b>NET INCOME BEFORE EXTRAORDINARY GAIN</b>	
Extraordinary gain	(77,192)
	<u>280,944</u>
Provision for income taxes	203,752
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<b>NET INCOME APPLICABLE TO COMMON SHARES</b>	
	<u>\$ 203,752</u>
<b>NET INCOME PER BASIC AND DILUTED SHARES</b>	
	<u>203,752</u>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	
	<u>638,041,874</u>