

ADVANCED DEFENSE TECHNOLOGIES, INC

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UNAUDITED FINANCIAL STATEMENTS

The accompanying comparative balance sheets of ADVANCED DEFENSE TECHNOLOGIES, INC. as of March 31, 2012 and December 31, 2011, and the related comparative statements of operations, stockholders' equity, and cash flows for the period then ended have been prepared by the Company's management and they include all information and notes to the financial statements necessary for a complete presentation of the financial position and the results of the Company's operations.

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ADVANCED DEFENSE TECHNOLOGIES. INC.
COMPARATIVE BALANCE SHEETS
As of March 31, 2012 and December 31, 2011

	As of March 31, 2012	As of December 31, 2010
ASSETS:		
Current Assets:		
Cash	\$ 6,368	\$ 5,239
Accounts Receivable	120,250	120,250
Prepaid Expenses	-	300
Total Current Assets	126,618	125,789
Property and Equipment (net of accumulated depreciation)	6,632	6,677
Other Assets:		
Notes Receivable	6,100	6,100
Deferred income taxes - asset	94,164	94,164
Intangible Assets	80,000	80,000
Total Other Assets	180,264	180,264
TOTAL ASSETS	313,514	312,731
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current Liabilities:		
Accrued Expenses	8,795	7,995
Credit Cards Payable	658	978
Payroll Taxes Payable	63	64
Loans Payable-Officers	99,648	77,648
Loans Payable-Tahim & Associates, APC	47,400	43,800
Loans Payable-M. T. Mughal	4,500	4,500
Total Current Liabilities	161,064	134,985
Stockholders' Equity:		
Common Stock:		
1,000,000,000 shares authorized at \$0 .001 par value		
97,780,990 shares issued and outstanding		
See statement of changes in stockholders' equity	152,450	177,746
Total Stockholders' Equity	152,450	177,746
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 313,514	\$ 312,731

ADVANCED DEFENSE TECHNOLOGIES, INC.
COMPARATIVE STATEMENTS OF OPERATIONS
For The Period Ended March 31, 2012 and Year Ended December 31, 2011

	For the quarter Ended March 31, 2012	For the Year Ended December 31, 2011
REVENUE:		
Consulting Income	\$ -	\$ 120,250
Total Revenue	-	120,250
EXPENSES:		
Consulting Fees	-	40,250
Depreciation	46	1,640
Professional Fees	-	9,900
Rent	3,600	14,400
Salaries - officer		62,500
Salaries - employees	10,500	63,500
Subcontracted services		15,000
Office expense and supplies	110	2,950
System simulations		3,500
Payroll taxes	1,090	10,605
Technology assessment Fees		19,000
General and administrative	9,150	89,979
Total Expenses	24,496	333,224
NET OPERATING PROFIT (LOSS)	(24,496)	(212,974)
PROVISION FOR INCOME TAXES		
Taxes - State	800	800
NET LOSS	\$ (25,296)	\$ (213,774)
NET PROFIT PER COMMON SHARE:		
Basic and diluted	\$ -	\$ -
Average Outstanding shares		
Basic (stated in 1,000's)		97,781

ADVANCED DEFENSE TECHNOLOGIES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
For The Period Ended March 31, 2012

	Common Stock Shares	Common Stock Amount	Contributed Capital	Accumulated Deficit	Total Equity
Balance December 31, 2009	75,000,000	\$ 1,000	\$ -	\$ -	\$ 1,000
Reverse Split 1-500 (Note 1)	(74,850,000)	-	-	-	-
Balance June 1, 2010	150,000	1,000	-	-	1,000
Issuance of Common Stock for Asset purchase	50,000,000	50,000	-	-	50,000
Issuance of Common Stock for Subscriber Note & Debt Conversion	15,000,465	-	6,100	-	6,100
Issuance of Common Stock for Services	29,750,000	-	-	-	-
Issuance of Common Stock subscribed by investors	1,767,063	-	245,159	-	245,159
Deficit for the year	-	-	-	(196,283)	(196,283)
Balance December 31, 2010	96,667,528	51,000	251,259	(196,283)	105,976
Issuance of Common Stock subscribed by investors	1,113,462	-	192,230	-	192,230
Deficit for the period	-	-	-	(213,774)	(213,774)
Prior year's income tax adjustment	-	-	-	(850)	(850)
Prior year's deferred income taxes	-	-	-	94,164	94,164
Balance December 31, 2011	97,780,990	\$ 51,000	\$ 443,489	\$ (316,743)	\$ 177,746
Deficit for the period	-	-	-	(25,296)	(25,296)
Balance March 31, 2012	97,780,990	\$ 51,000	\$ 443,489	\$ (342,039)	\$ 152,450

ADVANCED DEFENSE TECHNOLOGIES, INC.
COMPARATIVE STATEMENTS OF CASH FLOWS
For The period Ended March 31, 2012 and Year Ended December 31, 2011

	For the Year Ended March 31, 2012	For the Year Ended December 31, 2011
Cash Flows From Operating Activities:		
Net Loss	\$ (25,296)	\$ (213,774)
Prior year's adjustment to retained earnings	-	\$ (850)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	46	1,640
<u>(Increase) / Decrease in assets:</u>		
Prepaid Expenses	300	(300)
Accounts Receivable	-	(120,250)
<u>Increase / (Decrease) in liabilities:</u>		
Notes Payable	8,100	48,300
Loans from Officer	17,500	57,805
Accrued Expense	5,993	(18,463)
Payroll Taxes Payable	(5,514)	(5,514)
401k Payable	-	(22,000)
Net Cash Used in Operating Activities	<u>1,129</u>	<u>(273,406)</u>
Cash Flows From Investing Activities:		
Purchase of assets	-	(4,967)
Net Cash Used in Investing Activities	<u>-</u>	<u>(4,967)</u>
Cash Flows From Financing Activities:		
Sale of Common Stock	-	-
Common Stock issued for cash	-	192,230
Common Stock issued for note receivable	-	-
Common Stock issued for purchase of assets	-	-
Net Cash Provided from Financing	<u>-</u>	<u>192,230</u>
Net Change (Decrease) in Cash	1,129	(86,143)
Cash at Beginning of year	5,239	91,382
Cash at End of the period	<u>6,368</u>	<u>5,239</u>
Supplemental Information:		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ 1,600</u>
Cash Paid for interest expense	<u>\$ -</u>	<u>\$ -</u>

ADVANCED DEFENSE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 1: GENERAL

The Company was originally organized as "June Project 1 Corp" on May 26, 1998 under the corporate laws of the State of Florida. The Company operated as a Florida for Profit Corporation from then until it changed its name to "Medcore Holdings Inc" on April 13, 2007. The Company operated as a Florida for Profit Corporation from then until it changed its name to Advanced Defense Technologies, Inc on January 19, 2010.

On December 19, 2009 the Company purchased the patents, technology, contracts, ongoing relationships, research projects, research and development funded by the government contracts and exclusive rights to use its patents from "RST Scientific Research Inc". In conjunction with this asset purchase the Company decided to change its name to Advance Defense Technologies Inc and focus on developing and marketing new breakthrough technologies for applications in defense, home land security and large scale use of communications systems in private sector.

The Company completed its corporate restructuring including a name change, 1- for 500 reverse split, and ticker symbol change to ADCF.PK from MEDC.PK on June 1, 2010.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been applied in the preparation of the financial statements. The books and records of the Company are maintained on an accrual basis of accounting for financial statements and tax reporting purposes.

a. **Revenue Recognition**

The Company recognizes revenue at the time the services are fully performed.

b. **Cash and cash equivalents**

The Company considers demand deposits and certificates of deposits, with an original maturity of one year or less, to be cash equivalents. Management believes that as of March 31, 2012, the company had no cash equivalents.

ADVANCED DEFENSE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

c. **Concentration of credit risk**

The Company currently maintains substantially all of its cash with major financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures each depositor for up to \$250,000. As of March 31, 2012, the Company had no funds in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

d. **Fair value of financial instruments**

Statement of Financial Accounting Standards ("SFAS") No. 107 "*Disclosures about Fair Value of Financial Instruments*" requires disclosure of fair value information about financial instruments when it is practicable to estimate that value. Management believes that the carrying amounts of the Company's financial instruments, consisting primarily of accounts payable and accrued liabilities approximated their fair values as of March 31, 2012. The fair value of related party transactions are not determinable due to their related-party nature.

e. **Basic and Diluted Net Income (Loss) Per share**

Basic net income (loss) per share amounts is computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes anti dilutive and then only the basic per share amounts are shown in the report.

NOTE 3: LOANS RECEIVABLE FROM STOCKHOLDERS AND RELATED PARTIES, AND RELATED PARTY TRANSACTIONS

The Company has outstanding note receivable amounting to \$6,100 at March 31, 2012 in exchange for issuance of common stock. The note receivable does not bear interest.

The loans from officer amounting to \$99,648 are payable on demand. These loans do not bear interest.

Notes payable to Tahim and Associates, APC and M.T. Mughal, amounting to \$47,400 and \$4,500, respectively were incurred for various services rendered to the Company. These loans do not bear interest.

The Company subleases its office premises on a month to month basis from Tahim and Associates, APC, owned by one of its officers and stockholders. Office lease expenses for the quarter ended March 31, 2012 of \$3,600 has been recorded and accrued to Tahim and Associates, APC.

ADVANCED DEFENSE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE 4: INCOME TAX PROVISION, PAYABLE AND DEFERRED TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates for the year in which the differences are expected to reverse. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

For the quarter ended March 31, 2012, the Company suffered losses. Franchise fees of \$800 was recorded as income taxes for the year then ended. Deferred income tax asset of \$94,164 represents the benefit on the net operating losses for the year ended December 31, 2011. No additional deferred income tax benefit was recorded for the quarter ended March 31, 2012.