Motion DNA Corporation

Income Statement

For the Year Ending December 31, 2004

Income:		
Gross Income		$1,417,600.00
Less: Revenue Returns and Allowances		$32,652.00
Net Income		$1,384,948.00
Cost of Goods Sold:		
Beginning Inventory	$0.00	
Add: Purchases	$126,352.00	
Freight-in	$6,252.00	
Indirect Expenses	$2,865.00	
	$135,469.00	
Less: Ending Inventory	$43,200.00	
Cost of Goods Sold		$92,269.00
Gross Profit (Loss)		$1,292,679.00
Expenses:		
Advertising	$187,122.00	
Bank Charges	$965.00	
Charitable Contributions	$15,000.00	
Commissions	$36,590.00	
Contract Labor	$15,252.00	
Credit Card Fees	$636.00	
Delivery Expenses	$4,562.00	
Dues and Subscriptions	$1,875.00	
Insurance	$4,426.00	
Maintenance	$864.00	
Miscellaneous	$2,236.00	
Office Expenses	$1,847.00	
Operating Supplies	$6,843.00	
Payroll Taxes	$96,193.00	
Permits and Licenses	$680.00	
Postage	$4,263.00	
Professional Fees	$28,600.00	
Property Taxes	$2,891.00	
Rent	$63,445.00	
Repairs	$1,126.00	
Telephone	$6,352.00	
Travel	$291,744.00	
Utilities	$10,248.00	
Vehicle Expenses	$43,252.00	
Wages	$425,364.00	
Total Expenses		$1,252,376.00
Net Operating Income		$40,303.00
Other Income:		
Gain (Loss) on Sale of Assets	$92,365.00	
Interest Income	$6,250.00	
Total Other Income		$98,615.00
Net Income (Loss)		$138,918.00

MOTION DNA CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. GENERAL ORGANIZATION AND BUSINESS

Motion DNA Corporation, (the Company), was organized in the state of Nevada on January 9, 2004. The Company delivers state-of-the-art computerized sports motion captures and web-based instruction. Utilizing existing 3-D motion capture technology, we capture a customer's sports motion and provide a detailed, personalized sports motion analysis upon the customer's login at our website.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The relevant accounting policies and procedures are listed below.

Accounting Basis

The statements were prepared following Generally Accepted Accounting Principles (GAAP) of the United States of America consistently applied.

Management Certification

The financial statements herein are certified by the officers of the Company to present fairly, in all material respects, the financial position, results of operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States of America, consistently applied.

Fiscal Year

The Company operates on a December 31 fiscal year end.

Earnings per Share

The basic earnings (loss) per share will be calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share is calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity.

The Company has not issued any options, warrants or similar securities since inception.

Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid during the periods shown.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Inventory

Product sold is manufactured by a third party manufacturer upon the receipt of a prepaid order from a client. As soon as the product is produced it is shipped to the customer. Therefore no finished goods inventory is normally on hand. Prepaid deposits will be listed with the accounts payable in the balance sheet.

Revenue Recognition

The Company recognizes revenue from product sales upon shipment, which is the point in time when risk of loss is transferred to the customer, net of estimated returns and allowances. Revenue for services is recognized when the service is performed.

Advertising

Advertising is expensed when incurred.

Income Taxes

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the period in which transactions affect current taxable income and the period in which they enter into the determination of net income in the financial statements.

NOTE 3. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The financial statements do not include any adjustments that might result from any uncertainty.

NOTE 4. STOCKHOLDERS' EQUITY

Common Stock
The Company was organized in the state of Nevada on January 9, 2004 and has authorized shares of 2,000,000,000, par value $0.001.

During the year 2004 2,000,000 shares were issued restricted to officers for services rendered for a value of $20,000.

During the year officers contributed services to the Company valued at $400,000.

NOTE 5. PROVISION FOR INCOME TAXES

The Company provides for income taxes under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset.

NOTE 6. SEGMENT INFORMATION

Segment information is presented in accordance with SFAS 131, *Disclosures about Segments of an Enterprise and Related Information.* This standard is based on a management approach which requires segmentation based upon the Company's internal organization and disclosure of revenue based upon internal accounting methods. For the period shown management did not have any categories to show.

NOTE 7. THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Below is a listing of the most recent accounting standards and their effect on the Company.

SFAS 148 *Accounting for Stock-Based Compensation-Transition and Disclosure*
Amends FASB 123 to provide alternative methods of transition for an entity that voluntarily changes to the fair based method of accounting for stock-based employee compensation.

SFAS 149 *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*
This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities.

SFAS 150 Financial Instruments with Characteristics of both Liabilities and *Equity*
This Statement requires that such instruments be classified as liabilities in the balance sheet. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003.

Interpretation No. 46 (FIN 46)
Effective January 31, 2003, The Financial Accounting Standards Board requires certain variable interests entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a continuing financial interest or do not have sufficient equity at risk of the entity to finance its activities without additional subordinated financial support from other parties. The Company has not invested in any such entities, and does not expect to do so in the foreseeable future. The adoption of these new Statements is not expected to have a material effect on the Company's financial position, results or operations, or cash flows.

NOTE 8. RELAIANCE ON OFFICERS

The President, Vice-President, and sales and marketing staff of the Company are the persons who have the experience to sell the products and services of the company. If they were to no longer be able or willing to function in that capacity the Company would be somewhat negatively affected for a short period of time.

END FINANCIAL NOTES

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