

MEDBOX, INC
FINANCIAL STATEMENTS
March 31, 2012

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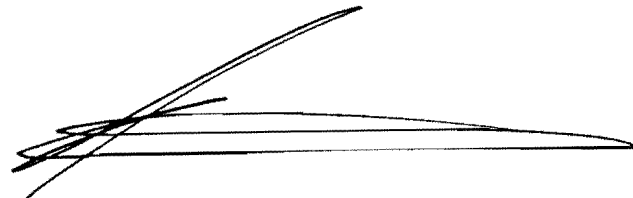
To MANAGEMENT
MEDBOX, INC
6700 FALLBROOK AVENUE, SUITE 289
WEST HILLS, CA 91307

I have compiled the accompanying consolidated balance sheet of MEDBOX, INC (a corporation) and subsidiaries as of March 31, 2012, and the related statements of income and expense and retained earnings and cash flows for the period/quarter then ended. I have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

My responsibility is to conduct the compilation in accordance with Statement in Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the consolidated financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

A handwritten signature in black ink, consisting of several overlapping, sweeping lines that form a stylized, elongated shape.

May 3, 2012

MEDBOX, INC
BALANCE SHEET
As of March 31, 2012

ASSETS

CURRENT ASSETS

Cash in Bank	\$	125,532.96
Accounts Receivable		950,000.00
Loan Receivable - Officers'		176,983.64
Loan Receivable		104,650.00
Inventory		<u>100,000.00</u>

Total Current Assets \$ 1,457,166.60

PROPERTY AND EQUIPMENT

Machinery & Equipment	2,508.69
Auto & Truck	<u>92,000.00</u>
	\$ 94,508.69

Less: Accumulated Depreciation (14,793.69)

Total Property and Equipment 79,715.00

OTHER ASSETS

Deposits	\$	<u>4,850.00</u>
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Total Other Assets 4,850.00

\$ 1,541,731.60

MEDBOX, INC
BALANCE SHEET
As of March 31, 2012

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accrued Expenses	\$	11,475.00
Current Portion L-T Debt		14,555.00
Sales Tax Payable		35,028.40
Income Taxes Payable		<u>457,775.00</u>

Total Current Liabilities \$ 518,833.40

LONG-TERM DEBT

Loan Payable - Chase Auto Loan	\$	50,803.85
Loan Payable - Sniperella Investments		<u>7,687.74</u>
	\$	58,491.59

Less Current Portion Above (14,555.00)

Total Long-Term Debt 43,936.59

STOCKHOLDERS' EQUITY

Add'l Paid In Capital	245,092.00
Dividends Paid	(11,704.55)
Retained Earnings, 3/31/2012	<u>745,574.16</u>

Total Stockholders' Equity 978,961.61

\$ 1,541,731.60

MEDBOX, INC
STATEMENT OF INCOME & EXPENSE
& RETAINED EARNINGS

	3 Months Ended March 31, 2012	%
Revenues		
Revenues	\$ 1,455,532.42	100.00
Total Revenues	\$ 1,455,532.42	100.00
Cost of Sales (Sch B-1)	88,618.00	6.09
Income Before Operating Expenses	\$ 1,366,914.42	93.91
Operating Expenses (Sch B-2)	328,968.57	22.60
Income Before Other Expenses	\$ 1,037,945.85	71.31
Other Expenses		
Depreciation	1,225.00	0.08
Interest	1,161.69	0.08
Total Other Expenses	\$ 2,386.69	0.16
Net Income Before Income Tax	\$ 1,035,559.16	71.15
Provision for Income Tax	(413,409.00)	28.40
Net Income	\$ 622,150.16	(42.74)
Retained Earnings, 1/1/2012	123,424.00	
Retained Earnings, 3/31/2012	\$ 745,574.16	

MEDBOX, INC
SCHEDULE OF COST OF SALES

SCHEDULE B-1

	3 Months Ended March 31, 2012	%
Cost of Sales		
Purchases	33,991.00	2.34
Construction & Buildouts	<u>54,627.00</u>	<u>3.75</u>
Total Cost of Sales	<u>\$ 88,618.00</u>	<u>6.09</u>

MEDBOX, INC
SCHEDULE OF OPERATING EXPENSES
SCHEDULE B-2

	3 Months Ended March 31, 2012	%
Operating Expenses		
Advertising	23,922.61	1.64
Answering Service	1,032.00	0.07
Automobile	144.01	0.01
Bank Charges	3,027.89	0.21
Bankcard Discounts	105.51	0.01
Computer Service & Supplies	945.53	0.06
Delivery	1,394.72	0.10
Dues & Subscriptions	357.00	0.02
Employee Benefits	1,699.00	0.12
Entertainment	1,895.23	0.13
Equipment Rental	60.00	0.00
Legal & Accounting	36,215.00	2.49
Licenses	148.00	0.01
Marketing	13,800.92	0.95
Meetings & Conferences	3,774.64	0.26
Office Expense	1,120.82	0.08
Outside Services	13,295.00	0.91
Parking	64.25	0.00
Penalties	1,312.01	0.09
Postage	47.97	0.00
Professional Fees	105,625.57	7.26
Rent	83,037.43	5.70
Research	3,361.81	0.23
Security	7,735.00	0.53
Taxes & Licenses	115.00	0.01
Taxes - Franchise	667.94	0.05
Telephone	1,644.83	0.11
Travel	20,509.04	1.41
Transportation	330.17	0.02
Utilities	986.00	0.07
Web Site	593.67	0.04
Total Operating Expenses	\$ 328,968.57	22.60

MEDBOX, INC.
STATEMENT OF CASH FLOW
QUARTER ENDED MARCH 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	\$ 622,150
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	\$ 1,225
Decrease (increase) in:	
Accounts receivable	(950,000)
Loan receivable - Officers'	67
Increase (decrease) in:	
Accrued Expenses	11,475
Current Portion Long-term Debt	14,555
Income Tax Payable	413,409
	<u> </u>
Total adjustments	\$ (509,269)
	<u> </u>
Net cash provided by operating activities	\$ 112,881
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CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments in Dividends	\$ (11,705)
	<u> </u>
Net cash used in investing activities	\$ (11,705)
	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Current Portion Long-term Debt	\$ (14,555)
Payments on Loans Payable	(3,444)
	<u> </u>
Net cash used in financing activities	\$ (17,999)
	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 83,177
CASH AND CASH EQUIVALENTS, JANUARY 1, 2012	<u>42,356</u>
CASH AND CASH EQUIVALENTS, MARCH 31, 2012	<u>\$ 125,533</u>
SUPPLEMENTAL DISCLOSURES:	
Cash paid during the quarter for interest	\$ 1,162
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Cash paid during the quarter for income tax	\$ 668
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