MEDBOX, INC

FINANCIAL STATEMENTS

June 30, 2012

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Woodland Hills, California 91364

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 June 30, 2012, and the related statements of income and expense and retained earnings and cash flows for the quarter/period 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 acccepted 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.

August 15, 2012

MEDBOX, INC
BALANCE SHEET
As of June 30, 2012

ASSETS

CURRENT ASSETS				
Cash in Bank	$	80,462.52		
Accounts Receivable		1,100,000.00		
Loan Receivable - Officers'		187,721.00		
Loan Receivable		104,650.00		
Inventory		100,000.00		
Total Current Assets			$	1,572,833.52
PROPERTY AND EQUIPMENT				
Machinery & Equipment		2,508.69		
Auto & Truck		92,000.00		
	$	94,508.69		
Less: Accumulated Depreciation		(16,018.69)		
Total Property and Equipment				78,490.00
OTHER ASSETS				
Deposits	$	4,850.00		
Total Other Assets				4,850.00
			$	1,656,173.52

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MEDBOX, INC
BALANCE SHEET
As of June 30, 2012

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES				
Accrued Expenses	$	16,225.00		
Current Portion L-T Debt		14,555.00		
Sales Tax Payable		30,000.00		
Income Taxes Payable		519,132.00		
Total Current Liabilities			$	579,912.00
LONG-TERM DEBT				
Loan Payable - Chase Auto Loan	$	47,283.28		
Loan Payable - Sniperella Investments		7,687.74		
	$	54,971.02		
Less Current Portion Above		(14,555.00)		
Total Long-Term Debt				40,416.02
STOCKHOLDERS' EQUITY				
Add'l Paid In Capital		234,092.00		
Dividends Paid		(29,186.37)		
Retained Earnings, 6/30/2012		830,939.87		
Total Stockholders' Equity				1,035,845.50
			$	1,656,173.52

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MEDBOX, INC
STATEMENT OF INCOME & EXPENSE
& RETAINED EARNINGS

	3 Months Ended June 30, 2012	%	6 Months Ended June 30, 2012	%
Income				
Sales	$ 820,326.78	36.04	$ 2,275,859.20	100.00
Total Income	$ 820,326.78	36.04	$ 2,275,859.20	100.00
Cost of Sales (Sch B-1)	373,491.89	45.53	462,109.89	20.30
Income Before Oprtng Expns	$ 446,834.89	19.63	$ 1,813,749.31	79.70
Operating Expenses (Sch B-2)	297,801.40	13.09	626,769.97	27.54
Income Before Other Expns	$ 149,033.49	6.55	$ 1,186,979.34	52.16
Other Expenses				
Depreciation	$ 1,225.00	0.05	$ 2,450.00	0.11
Interest	1,085.78	0.05	2,247.47	0.10
	$ 2,310.78	0.10	$ 4,697.47	0.21
Net Income Bef Income Tax	$ 146,722.71	6.45	$ 1,182,281.87	51.95
Provision for Income Tax	(61,357.00)	(2.70)	(474,766.00)	(20.86)
Net Income	$ 85,365.71	3.75	$ 707,515.87	31.09
Retained Earnings, 1/1/12			123,424.00	
Retained Earnings, 6/30/12			$ 830,939.87	

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MEDBOX, INC
SCHEDULE OF COST OF SALES

SCHEDULE B-1

	3 Months Ended June 30, 2012	%	6 Months Ended June 30, 2012	%
Cost of Sales				
Purchases	12,254.59	1.49	46,245.59	2.03
Construction & Buildouts	21,118.30	2.57	75,745.30	3.33
Licenses & Permits	340,119.00	41.46	340,119.00	14.94
Total Cost of Sales	$ 373,491.89	45.53	$ 462,109.89	20.30

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MEDBOX, INC
SCHEDULE OF OPERATING EXPENSES

SCHEDULE B-2

	3 Months Ended June 30, 2012	%	6 Months Ended June 30, 2012	%
Operating Expenses				
Advertising	20,095.00	2.45	44,017.61	1.93
Answering Service	1,032.00	0.13	2,064.00	0.09
Automobile	311.32	0.04	455.33	0.02
Bank Charges	3,944.72	0.48	6,972.61	0.31
Bankcard Discounts	0.00	0.00	105.51	0.00
Computer Service & Supplies	1,126.27	0.14	2,071.80	0.09
Delivery	4,470.46	0.54	5,865.18	0.26
Dues & Subscriptions	1,207.00	0.15	1,564.00	0.07
Employee Benefits	1,331.00	0.16	3,030.00	0.13
Entertainment	2,668.01	0.33	4,563.24	0.20
Equipment Rental	3,000.00	0.37	3,060.00	0.13
Legal & Accounting	32,799.58	4.00	69,014.58	3.03
Licenses	531.00	0.06	679.00	0.03
Marketing	4,000.00	0.49	17,800.92	0.78
Meetings & Conferences	108.63	0.01	3,883.27	0.17
Marketing	10,000.00	1.22	10,000.00	0.44
Office Expense	1,696.65	0.21	2,817.47	0.12
Outside Services	23,122.45	2.82	36,417.45	1.60
Parking	75.25	0.01	139.50	0.01
Penalties	0.00	0.00	1,312.01	0.06
Postage	0.00	0.00	47.97	0.00
Professional Fees	95,849.00	11.68	201,474.57	8.85
Promotion	7,284.85	0.89	7,284.85	0.32
Rent	51,700.00	6.30	134,737.43	5.92
Research	4,500.00	0.55	7,861.81	0.35
Security	1,033.12	0.13	8,768.12	0.39
Supplies	2,125.36	0.26	2,125.36	0.09
Taxes & Licenses	3,024.98	0.37	3,139.98	0.14
Taxes - Franchise	0.00	0.00	667.94	0.03
Telephone	2,257.12	0.28	3,901.95	0.17
Travel	17,731.54	2.16	38,240.58	1.68
Transportation	133.95	0.02	464.12	0.02
Utilities	58.66	0.01	1,044.66	0.05
Web Site	583.48	0.07	1,177.15	0.05
Total Operating Expenses	$ 297,801.40	36.30	$ 626,769.97	27.54

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MEDBOX, INC

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED

JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Income	$	707,516
Adjustments to reconcile net income to		
net cash provided by operating activities :		
Depreciation	$	2,450
Decrease(increase) in :		
Accounts receivable		(1,100,000)
Loan receivable - Officers'		(10,670)
Increase(decrease) in :		
Accrued expenses		16,225
Current Portion of Long-term Debt		14,555
Sales Tax Payable		(5,028)
Income Tax Payable		474,766
Total adjustments		(607,702)
Net cash provided by operating activities	$	99,814
CASH FLOWS FROM INVESTING ACTIVITIES :		
Payments in Dividends		(29,186)
Payments to Additional paid in capital		(11,000)
Net cash used in investing activities		(40,186)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Current Portion of Long-term Debt		(14,555)
Payments on Loans Payable		(6,966)
Net cash used in financing activities		(21,521)
NET INCREASE IN CASH AND CASH EQUIVALENTS	$	38,107
CASH AND CASH EQUIVALENTS, JANUARY 1, 2012		42,356
CASH AND CASH EQUIVALENTS, JUNE 30, 2012	$	80,463
SUPPLEMENTAL DISCLOSURES :		
Cash paid during the six months for interest	$	2,247
Cash paid during the six months for income tax	$	668

MEDBOX, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

JUNE 30, 2012

	Common Stock		Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance at January 1, 2012	-	$ -	$ -	$ 123,424	$ 123,424
June 30, 2012 net income	-	-	-	707,516	707,516
Activity for June 30, 2012					
Issuance of Common Stock	13,006,839	-	234,092	-	234,092
Dividend Paid				29,186	29,186
Balance at June 30, 2012	13,006,839	$ -	$ 234,092	$ 801,754	$ 1,035,846