

MEDIA SENTIMENT, INC.
(A Development Stage Company)

Comparative Financial Statements

For the Year ended December 31, 2011 and 2010

MEDIA SENTIMENT, INC.
(A Development Stage Company)

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December 31, 2011

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MEDIA SENTIMENT, INC.
(A Development Stage Company)
Balance Sheets

	December 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash	\$ 49	\$ 245
Deposits	1,500	1,500
Other assets	0	24
Total Current Assets	1,549	1,770
 Equipment, net of accumulated depreciation	 1,250	 0
 TOTAL ASSETS	 \$ 2,799	 \$ 1,770
 LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ 19,759	\$ 21,119
Accounts payable - related party	88,648	68,514
Notes payable	6,325	11,325
Notes payable - related party	324,269	324,219
Total Current Liabilities	439,001	425,176
 Stockholders' Deficit		
Common stock: 49,880,000,000 shares authorized, \$.0000001 par value; 7,403,601,970 shares issued and outstanding at December 31, 2011		
7,408,715,440 shares issued and outstanding at December 31, 2010	8,939	8,790
Preferred A stock: 10,000,000 shares authorized, \$.0000001 par value, 2,000,000 shares issued and outstanding at December 31, 2010 and 2011	0	0
Preferred B stock: 90,000,000 shares authorized, \$.0000001 par value, 14,000,000 shares issued and outstanding at December 31, 2010 and 2011	0	0
Additional paid-in capital	1,993,140	1,982,004
Accumulated deficit	(2,438,280)	(2,414,200)
Total Stockholders' Deficit	(436,201)	(423,406)
 TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	 \$ 2,799	 \$ 1,770

The accompanying notes are an integral part of the financial statements.

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Statements of Operations
For the Twelve Months ended December 31, 2011 and 2010
For the Period from October 1, 2009 (Inception of Development Stage) to December 31, 2011

	Twelve months ended:		October 1, 2009
	December 31, 2011	December 31, 2010	Through December 31, 2011
Gross revenues	\$ 6,002	\$ 3,295	\$ 10,974
Operating expenses			
Sales and marketing expenses	4,481	3,556	9,255
Operating and administrative expenses	3,750	29,858	44,251
Depreciation	250	0	250
Total operating expenses	8,481	33,414	53,757
Operating loss	(2,479)	(30,119)	(42,783)
Other income (expense)			
Interest and finance expense	(20,134)	(18,971)	(43,477)
Other	(1,467)	(11,888)	(15,855)
Total other income (expense)	(21,601)	(30,859)	(59,332)
Net Income (Loss)	\$ (24,080)	\$ (60,978)	\$ (102,115)
 Weighted average number of shares outstanding	 7,403,601,970	 7,408,715,440	 7,403,601,970
Net income (loss) per share	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Statements of Statement of Shareholders' Deficit
For the Twelve Months ended December 31, 2011

	<u>Common</u>		<u>Preferred A</u>		<u>Preferred B</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u> <u>(000)</u>	<u>Amount</u>	<u>Shares</u> <u>(000)</u>	<u>Amount</u>	<u>Shares</u> <u>(000)</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	
Balance December 31, 2010	<u>7,408,715</u>	<u>\$ 8,790</u>	<u>2,000</u>	<u>\$ 0.00</u>	<u>14,000</u>	<u>\$</u>	<u>\$ 1,982,005</u>	<u>\$ (2,414,200)</u>	<u>\$ (423,406)</u>
Issue 345,000,000 shares of \$.000001 par value stock	345,000	500					11,135		11,635
Cancel 351,113,000 Shares of \$.00001 par value stock	(350,113)	(350)			(1,000)		0		(350)
Issue 1,000,000 shares of \$.0000001 par value stock					1,000	0			(0)
Net loss year ended December 31, 2010								(24,080)	(24,080)
Balance December 31, 2011	<u>7,403,602</u>	<u>\$ 8,939</u>	<u>2,000</u>	<u>\$ 0</u>	<u>14,000</u>	<u>\$ 0</u>	<u>\$ 1,993,140</u>	<u>\$ (2,438,280)</u>	<u>\$ (436,201)</u>

The accompanying notes are an integral part of the financial statement

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Statements of Cash Flows

For the Twelve Months ended December 31, 2011 and 2010
For the Period from October 1, 2009 (Inception of Development Stage) to December 31, 2011

	Twelve months ended:		October 1, 2009 though
	December 31, 2011	December 31, 2010	December 31, 2011
Cash Flows from Operation Activities:			
Net income (loss) for the period	\$ (24,080)	\$ (60,978)	\$ (102,115)
Adjustments to Reconcile Net Loss to Cash used in Operating Activities:			
Depreciation and amortization	250	0	250
Changes in Asstes and Liabilities			
Decrease in accounts receivable	0	391	
Decrease in deposits	0	(1,500)	(100)
Increase in accounts payable and accrued expenses	18,774	20,233	37,528
Net Cash Used in Operating Activities	(5,056)	(41,853)	(64,436)
Cash Flows from Investing Activities:			
Investment in FOTO Trust	24	(24)	
Purchase of equipment	(1,500)		(1,500)
Net cash provided by Investing Activities	(1,476)	(24)	(1,500)
Cash Flows from Financing Activities:			
Proceeds from notes payable-related party		22,069	38,869
Proceeds from notes payable	(4,950)	11,325	6,325
Placement costs	6,309		6,300
Issuance of common stock	4,976	8,274	13,259
Issuance of preferred series A			
Issuance of preferred series B			
Net Cash Provided by Financing Activities	6,335	41,668	64,753
Net cash increase for the period	(197)	(209)	(1,184)
Cash - Beginning Balance	245	455	1,232
Cash - Ending Balance	\$ 49	\$ 245	\$ 49

The accompanying notes are an integral part of the financial statements.

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2011

Note 1. Description of Business

Media Sentiment Inc. (the Company) was incorporated during October 2006, under the laws of the State of Nevada, as a wholly owned subsidiary of California News Tech (CNT) to market the internet search tools developed by CNT. At this time, most of the assets of CNT were transferred to the Company.

On May 17, 2007, CNT completed a reverse merger with Debut Broadcasting Corporation, Inc., a Tennessee corporation (DBI) whereby it succeeded to the business of DBI and it changed its name to Debut Broadcasting Corporation, Inc. As a result of this merger, however, it was determined that the two business operations would be better served if operated and accounted for separately. Consequently, DBI's board of directors approved the distribution of all of its Media Sentiment shares to the CNT shareholders of record on April 20, 2007 on a pro-rata basis. DBI then, set aside all of its 3,640,440 outstanding shares of Media Sentiment for this purpose.

On August 23, 2010 the Company amended its Articles of Incorporation and filed its Amended Articles of Incorporation in Wyoming where the Company re-domiciled. The Amended Articles of Incorporation reduced the par value of all shares to .0000001. The Company is authorized to issue 49,880,000,000 shares of common stock, 10,000,000 shares of Preferred Stock Series A, 90,000,000 shares of Preferred Stock Series B, and 20,000,000 shares of Preferred Stock Series C.

Note 2. Summary of Significant Accounting Policies

Development Stage Company

The Company is considered to be a development stage company. A development stage company is one in which planned principal operations have not commenced or if its operations have commenced, there have been no significant revenues there from. The Company has transitioned to development stage as of October 1, 2009.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and could affect future operating results.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of three to five years. The straight-line method of depreciation is also used for income tax purposes.

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2011

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its equipment, product and website development costs and recognizes the impairment of long-lived assets in the event the net book value of such assets exceeds net realizable value. The Company evaluates asset recoverability at each balance sheet date or when an event occurs that may impair recoverability of the assets.

Revenue Recognition

The Company recognizes net revenue when the earnings process is complete, as evidenced by:

- an agreement with the customer;
- delivery to and acceptance of the product by the customer has occurred;
- the amount of the fees to be paid by the customer are fixed or determinable; and
- collection of these fees is probable.

If an acceptance period is contractually provided, license revenues are recognized upon the earlier of customer acceptance or the expiration of that period. In instances where delivery is electronic and all other criteria for revenue recognition have been achieved, the product is considered to have been delivered when the customer is provided the access code to download the software from the Internet.

Because of possible price fluctuations or technology obsolescence, subscription revenue will be deferred and recorded on a monthly basis as earned. Delivery, selling or other costs billed to the customers is included in net revenue and the related delivery, selling or other costs is included in the cost of selling subscriptions.

Product Development

Where there is reasonable assurance of recovery, development costs are capitalized. Capitalization of costs ceases when the product is available for general release to customers. Annual amortization of capitalized costs is the greater of amortization computed using the straight-line method over the remaining estimated economic life of the product or computed using the ratio of the product's current and anticipated future gross revenue.

Stock-based Compensation Plans

The Company has no stock-based compensation plans.

MEDIA SENTIMENT, INC.
(A Development Stage Company)
Notes to Financial Statements
December 31, 2011

Note 2. Summary of Significant Accounting Policies (Continued)

Financial Reporting

The Company's financial statements have been prepared, without audit, in accordance with generally accepted accounting principles and are consistent with the presentation and disclosures in the audited financial statements and notes thereto for the year ended December 31, 2009.

Income Taxes and Deferred Taxes

The Company utilizes the liability method of accounting for income taxes. Deferred tax liabilities or assets are recognized for the expected future tax consequences of temporary differences between the book and tax bases of assets and liabilities. The Company regularly assesses the likelihood that the deferred tax assets will be recovered from future taxable income, and a valuation allowance is recorded to reduce the deferred tax assets to the amounts that are believed to be realizable.

A full valuation allowance on any future tax benefits is being provided until the Company can sustain a level of profitability that demonstrates the ability to utilize these assets.

Basic and Fully-diluted Loss per Common Share

Net loss per common share is based on the weighted average number of shares outstanding during the year. Fully-diluted net loss per common share is not reported because, under current conditions, the loss per share is anti-dilutive.

Certain Significant Risks and Uncertainties

The Company participates in the high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position, results of operations or cash flows: advances and trends in new technologies; competitive pressures in the form of price reductions; market acceptance of the Company's services; development of sales channels; litigation or claims against the Company based on intellectual property, regulatory or other factors.

Note 3. Going Concern and Liquidity

Without raising additional capital the Company may not be able to continue operations. Historically, the Company has incurred significant losses and negative cash flows from operations. As of December 31, 2011, the accumulated deficit was \$ 2,438,280 and the negative working capital was \$ 443,451. The negative working capital includes \$ 324,269 in current notes payable and \$88,648 in accrued expenses owed to related parties. The Company plans to fund operations through private placements and a public offering. There is no assurance that these sources of capital will be available to the Company in the future.

MEDIA SENTIMENT, INC.
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Notes to Financial Statements
December 31, 2011

Note 4. Notes Payable to Related Parties

The notes payable of \$324,219 at December 31, 2010 and \$324,269 at December 31, 2011 are due to an officer and director of the Company, Marian Munz and his wife Tunde Munz. These notes are convertible, at the option of the note holder, into common and preferred shares of Media Sentiment, Inc on a non-dilutive basis, subject to adjustment for splits and reverse splits.

Note 5. Common and Preferred Stock

At December 31, 2010, the Company's authorized share capital consists of 50,000,000,000 shares at \$0.0000001 par value. At December 31, 2011 there were 7,403,601,970 common shares, 2,000,000 preference A shares issued and outstanding and 13,000,000 preference B shares issued and outstanding. At December 31, 2010 there were 7,056,601,970 common shares and 2,000,000 preference A shares and 13,000,000 preference B issued and outstanding. There are no preference C shares issued and outstanding.

Preference A converts to common at a price of \$1.00 in a ratio of 4(o/s common + o/s series B + o/s series C)/(o/s series B + o/s series C) and votes by common equivalents. Preference B converts to common at a price of \$2.50 and a rate of 2,500,00 shares of common for each share of preference B stock and includes a liquidation premium of \$1.00 per share plus all unpaid dividends, dilution protection, and votes as ten shares of common stock. Preference C converts to 500 shares of common stock and includes liquidation rights of \$1.00 per share plus unpaid dividends and provides dilution protection.

Note 6. Commitments and Contingencies

The Company has no contractual commitments.

Note 7. Income Taxes

The tax effect of significant temporary differences representing future tax assets and future tax liabilities has been fully offset by a valuation allowance. The Company has determined that realization is uncertain and therefore a valuation allowance has been recorded against this future income tax asset.

As of December 31, 2011, the Company had a net operating loss carry-forward for U.S. federal income tax purposes of approximately \$ 719,000. The federal net operating loss carry-forward, if not utilized, will expire in 2027.

Note 8. Purchase of FOTO Trust.

On October 18, 2010 the Company acquired all the outstanding shares of beneficial interest in FOTO Trust, a California business trust, in exchange for 2,400,000,000 shares of common stock and 12,000,000 shares of Series B preferred stock in Media Sentiment Inc. On September 6, 2011 this transaction was rescinded.

