

**SOUTHERN HOME MEDICAL INC.  
CONSOLIDATED BALANCE SHEET**

**March 31,  
2017**

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**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$	53,134
Account receivable		111,799
Suspense accounts		8,479
<b>TOTAL CURRENT ASSETS</b>		<b>173,412</b>

Property and equipment, net		46,818
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<b>TOTAL ASSETS</b>	<b>\$</b>	<b>220,230</b>
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

CURRENT LIABILITIES

Due to related party		3,969
Accrued interest		948
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,917</b>

Notes payable		91,500
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<b>TOTAL LIABILITIES</b>		<b>96,417</b>
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**STOCKHOLDERS' EQUITY**

Common stock, \$.0001 par value, 5,000,000,000 shares authorized		102,907
Preferred A		19,827
Preferred C		18,006
Additional paid in capital		9,260
Retain earnings		(26,187)

<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>123,813</b>
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<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b>220,230</b>
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*See accompanying notes to the consolidated financial statements*

**SOUTHERN HOME MEDICAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

		<b>The three months ended Mar 31, 2017</b>
Sales of goods	\$	105,980
Cost of goods		70,080
<b>The gross profit</b>		<b>35,900</b>
 <b>Operating expenses</b>		
Professional and Consulting fees		72,000
Salary and wages		14,400
Rent expense		4,500
Office Supplies expense		15,788
Travel expenses		1,060
Shipping expenses		95
Postage and phone		50
Depreciation		3,270
Miscellaneous expenses		1,362
Transportation expenses		325
<b>Total operating expenses</b>		<b>112,850</b>
 Loss before Income Tax Provision		 <b>(76,950)</b>
 Income Tax Provision		 -
 Net Loss	\$	 <b>(76,950)</b>
 Net income per share - Basic and Diluted	\$	 0.00
 Weighted average shares outstanding, Basic and diluted		 1,029,070,012

*See accompanying notes to the consolidated financial statements*

**SOUTHERN HOME MEDICAL INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**The three months ended**  
**Mar 31, 2017**

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**OPERATING ACTIVITIES:**

Net Loss \$ (76,950)

*Adjustments to reconcile net loss to net cash used in operating activities:*

Depreciation and amortization 3,270

*Changes in operating assets and liabilities:*

Account Receivable 9,020

Notes Payable 87,142

Accrued expenses and other current liabilities 948

**NET CASH PROVIDED BY OPERATING ACTIVITIES** **23,430**

**FINANCING ACTIVITIES:**

Proceed from related party 3,969

**NET CASH PROVIDED BY FINANCING ACTIVITIES** **3,969**

**NET CHANGE IN CASH** **27,399**

Cash, beginning of period 25,735

Cash, end of period **\$ 53,134**

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid for Interest -

Cash paid for income tax -

*See accompanying notes to the consolidated financial statements*

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
SOUTHERN HOME MEDICAL, INC  
MARCH 31, 2017  
(UNAUDITED)**

**RESULTS OF OPERATION**

**Revenues and Costs: For three months ended March 31, 2017**

Revenues and Costs for the period were \$105,980 and 70,080, compared to the 316,470 and 9,937 in the period of 2016. All sales transactions were with unrelated parties and with major vendors such. Our Revenues decreased \$310,490 from 2016 levels. The significant decrease was due to the rescission of prior SHOM subsidiaries.

**Expenses: For three months ended March 31, 2017**

Operating expenses for the three months ended March 31, 2017 was \$111,902. The Expenses mainly included Salary and wages, Rent expense, Professional consulting expense, Depreciation and other general and administrator expenses.

**Income Taxes: For three months ended March 31, 2017**

We had no provision for income taxes for the three months ended March 31, 2017. We do not currently have any net deferred tax assets.

**Income or Losses: For three months ended March 31, 2017**

We had a net loss of \$76,950 for the three-month ended March 31, 2017. But we are confident we are moving in the right direction.

**Impact of Inflation**

We believe that inflation has had a negligible effect on operations.

**Outstanding Share Count: For three months ended March 31, 2017**

Common	1,029,070,012	There are 1950 Total Shareholders There are
Preferred A	10,000,000	2 Shareholders in Preferred A There are 28
Preferred C	10,516,250	Shareholders in Preferred C

**Authorized Share Count: For three months ended March 31, 2017**

Common		5,000,000,000
Preferred	A	25,000,000
Preferred	C	25,000,000

**Liquidity & Capital Resources: For three months ended March 31, 2017**

We currently rely on no financing from outside sources to provide us with capital. This has no effect on our operations and financial condition. Operation will continue as currently configured, however we have now established strong alliance with our banking partners and feel our position is stronger than ever, in the event we rely on their partnership.

We had cash on hand of \$53,134 on March 31, 2017. Our current amount of cash in the bank is sufficient for our operations. We will rely on the existence of revenue from our business daily to operate and make decisions. Demand for our business will be dependent on, among other things, market acceptance of our trading business.

**SOUTHERN HOME MEDICAL, INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**Note 1 - Basic of presentation**

This is preliminary overview unaudited of the notes for the three months ended March 31,2017. The accompanying unaudited financial statements are being prepared internally in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they currently do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited financial statements contain no current adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position at March 31,2017.

**Management's 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 effect the reported accounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments -** The carrying amounts of financial instruments including accounts receivable, medical equipment,accounts payable,stockholder loans payable and notes payable approximated fair value because of the immediate short-term maturity of these instruments.

**Income Taxes-** Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting and net operating loss-carry forwards. Deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The income tax benefit consists of taxes currently refundable due to net operating loss carry back provisions less the effects of accelerated depreciation for the federal government. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

**Earnings (Loss) Per Share -** The Company reports earnings (loss) per share in accordance with Statement of Financial Accounting Standard (SFAS) No. 128. This statement requires dual presentation of basic and diluted earnings (loss) with a reconciliation of the numerator and denominator of the loss per share computations. Basic earnings per share amounts are based on the weighted average shares of common outstanding. If applicable, diluted earnings per share assume the conversion, exercise or

issuance of all common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the periods presented. There were no adjustments required to net income for the period presented in the computation of diluted earnings per share. There were no common stock equivalents (CSE) necessary for the computation of diluted loss per share.

**Fixed Assets** - Fixed assets are recorded at cost and include expenditures that substantially increase the productive lives of the existing assets. Maintenance and repair costs are expense as incurred. Depreciation of property and equipment is calculated over the management prescribed recovery periods, which range from 5 years for equipment to 7 years for furniture and fixtures. When a fixed asset is disposed of, its cost and related accumulated depreciation are removed from the accounts. The difference between the undepreciated cost and proceeds from disposition is recorded as a gain or loss.

**Advertising Costs** - Advertising costs are expenses as incurred. The Company does not incur any direct response advertising costs. No does the company employ an agency.

**Other Current Liabilities** - There are currently no short or long term outstanding liabilities.

**Revenue Recognition**- The Company recognizes revenue from the sale and rental of medical equipment and accessories at the time of delivery, when title to the products transfer and the customer bears the risk of loss, net of estimated provisions for returns, rebates and sales allowances.

**Comprehensive Income (Loss)** - The Company adopted Financial Accounting Standards Board Statement of Financial Accounts Standards No. 130, "Reporting Comprehensive Income", which establishes standards for the reporting and display of comprehensive income and its components in the financial statements. There were no items of comprehensive income (loss) applicable to the company during the period covered in the financial statements.

**Long-Live Assets** - In accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No.121, "Accounting for Impairment of Long-Lived Assets and for Long Lived Assets to be Disposed of, the carrying value of long-lived assets is reviewed by management on a regular basis for the existence of facts or circumstances, both internally and externally, that may suggest impairment. To date, no such impairment has been indicated. Should there be impairment in the future. The Company will recognize the amount of impairment based on discounted expected future cash flows from the impaired assets.

**Cash and Cash equivalents** - For purposed of the statements of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be cash equivalents. Uninsured Deposits-At no times during the period, the Company maintained a bank account balance that exceeded federally insured limits.

**Recent Accounting Pronouncements** - In May 2014, the FASB issued the FASB Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09").This guidance amends the existing FASB Accounting Standards Codification, creating a new Topic 606,

Revenue from Contracts with Customer. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**Note 2 - Promissory notes and convertible notes**

The Company entered into various unsecured debt arrangements in the form of promissory notes to multiple companies. All the promissory outlined in the chart below have similar terms and conditions. The total principle amount owed on the promissory notes is \$91,500. Each of the notes are due 10 days after receiving a written demand for payment. All of the promissory notes bear an interest rate of 10% per annual. Payment of the notes can be either in cash or converted into Southern Home Medical, Inc. Common stock. If payment is made in Southern Home Medical, Inc. Common stock, the “conversion price” is the lesser of (a) the price that the Southern Home Medical, Inc. Common stock is trading at on the date of the conversion less a 50% percent discount of (b) \$0.0001 per share. The principle balance on the notes as of March 31, 2017 was 91,500. Interest in the amount of \$948 was accrued on the notes as of March 31, 2017.

<b>Note amount</b>	<b>Date of the note</b>	<b>Balance due</b>	<b>Interest accrued</b>
\$9,000	2/6/2017	\$9,000	\$131
\$37,000	2/13/2017	\$37,000	\$466
\$31,000	2/23/2017	\$31,000	\$306
\$1,500	3/10/2017	\$1,500	\$9
\$13,000	3/21/2017	\$13,000	\$36

**Note 3 – Other events**

As of August 31, 2016, Southern Home Medical Inc. Announced rescission of CES Technology LTD.

As of October 31,2016, Southern Home Medical Inc. Announced acquisition of KC Global LTD.

On October 20, 2016,Miguel Dotres resigned from the Company and George Chang was appointed Interim President and Director of Southern Home Medical Inc.

As of January 31,2017,Southern Home Medical Inc. Announced rescission of KC Global LTD.

**Note 4 – Legal presentation**

There are no legal issues known at present that is a concern for Southern Home Medical Inc.

**Note 5 – Subsequent Events**

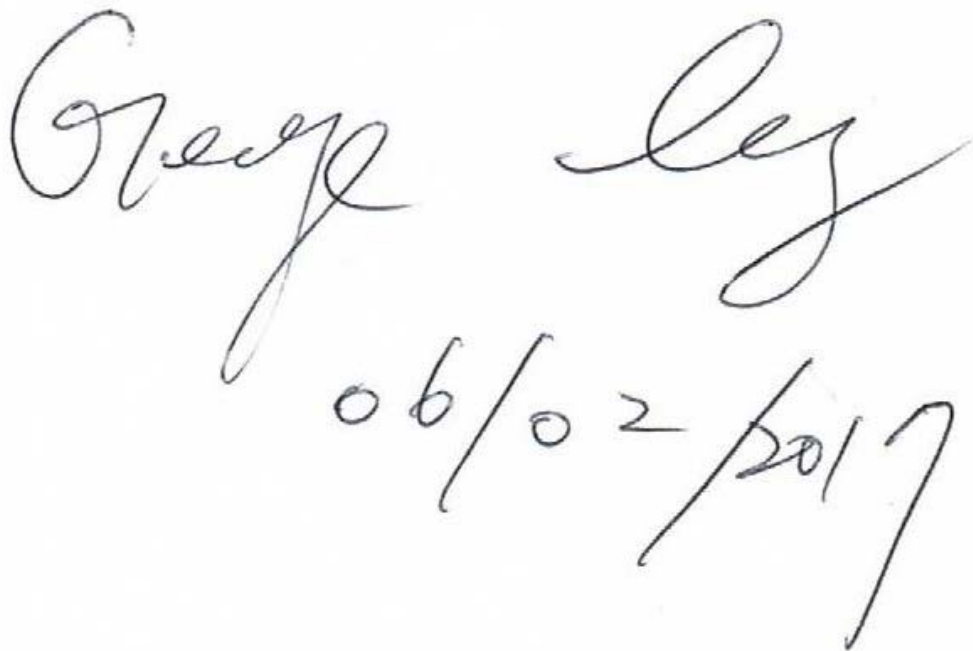
The Company has evaluated all events that occur after the balance sheet date through the date when the financial statements were issued to determine if they must be reported.



CERTIFICATION

I, George Chang, Interim President & CEO of Southern Home Medical Inc., hereby certify that the unaudited financial statements and related footnotes hereto present fairly, in all material respects, the financial position of Southern Home Medical Inc. and the results of its operations and cash flows as of and for the three months ended March 31, 2017, in conformity with accounting principles generally accepted in the United States, consistently applied.

**SOUTHERN HOME MEDICAL INC.**



George Chang  
06/02/2017

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**George Chang, Interim President and CEO**