SMART HOLDINGS, INC. "SMHS"

CONSOLIDATED FINANCIAL STATEMENTS



JUNE 30, 2015

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SMART HOLDINGS, INC.
BALANCE SHEET
JUNE 30, 2015 and JUNE 30, 2014

ASSETS	Consolidated Unaudited June 30, 2015	Consolidated Unaudited June 30, 2014
Current Assets:		
Cash and Cash Equivalents	$ 2,613	$ 6,409
Accounts Receivable	$ 52,508	$ 136,944
Inventories	$ 71,672	$ 105,983
Other Current Assets	$ 250,287	$ 242,376
Total Current Assets	**$ 377,079**	**$ 491,712**
Non-Current Assets:		
Long-Term Investments (see Note D)	$ 7,424,114	$ 7,552,161
Fixed Assets, Net (see Note E)	$ 1,516,762	$ 1,567,253
Intangible Assets (see Note F)	$ 31,292,174	$ 34,001,773
Other Non-Current Assets	$ 228	-
Total Non-Current Assets	**$ 40,233,278**	**$ 43,121,188**
Total Assets	**$ 40,610,357**	**$ 43,612,900**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 126,682	$ 143,698
Financial Payable (see Note G)	$ 680,569	$ 60,272
Total Current Liabilities	**$ 807,250**	**$ 203,971**
Non-Current Liabilities:		
Loans From Stockholders	$ 1,295,406	$ 1,788,820
Total Non-Current Liabilities	**$ 1,295,406**	**$ 1,788,820**
Total Liabilities	**$ 2,102,657**	**$ 1,992,790**
Stockholders' Equity (Deficit):		
Common Stock	$ 99,510	$ 99,510
Additional Paid-in Capital	$ 38,324,637	$ 41,639,413
Accumulated Deficit	$ 83,554	$ (118,813)
Total Liabilities and Stockholders' Equity	**$ 40,610,357**	**$ 43,612,900**

SMART HOLDINGS, INC.
INCOME STATEMENT
FOR THE SIX MONTHS AND THREE MONTHS ENDED
JUNE 30, 2015 and JUNE 30, 2014

	SIX Months Ended		THREE Months Ended	
	Consolidated Unaudited	Consolidated Unaudited	Consolidated Unaudited	Consolidated Unaudited
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenue	$ 76,231	$ 67,680	$ 53,002	$ 17,622
Cost of Revenue	$ 17,690	-	$ 12,300	-
Gross Profit	**$ 58,541**	**$ 67,680**	**$ 40,702**	**$ 17,622**
Operating Expenses				
Sales & General and Administrative	$ 47,216	$ 53,814	$ 36,979	$ 11,183
Total Operating Expenses	**$ 47,216**	**$ 53,814**	**$ 36,979**	**$ 11,183**
Operating Income (loss)	**$ 11,326**	**$ 13,866**	**$ 3,723**	**$ 6,439**
Other Income (expense)	-	-	-	-
Net Income (loss) from Operations	$ 11,326	$ 13,866	$ 3,723	$ 6,439
Income Tax	-	-	-	-
Net Income (Loss)	**$ 11,326**	**$ 13,866**	**$ 3,723**	**$ 6,439**
Basic and diluted loss per share	-	-	-	-
Weighted average number of common shares outstanding	995,098,061	995,098,061	995,098,061	995,098,061

SMART HOLDINGS, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED
JUNE 30, 2015 and JUNE 30, 2014

	SIX Months Ended	
	Consolidated Unaudited June 30, 2015	**Consolidated Unaudited June 30, 2014**
Cash Flow From Operating Activities		
Net Profit/(Loss)	$ 11,326	$ 13,866
Adjustments to reconcile net loss to net flows from operating activities:		
Depreciation and Amortization	-	-
Changes in operating assets and liabilities:		
Account Receivables	$ (48,900)	$ 62,885
Inventories	$ 33,982	-
Loans from Stockholders	$ (234,094)	$ 38,896
Accounts Payable	$ 31,388	$ 28,992
Financial Payable	$ (2,698)	$ 53,855
Intangible Assets	$ 2,830	-
Other Assets	$ (50,485)	$ (73,527)
Total Adjustments	$ (267,979)	$ 111,101
Net Cash Flow From Operating Activities	**$ (256,653)**	**$ 124,966**
Cash Flows From Investing Activities		
Purchases of property and equipment	$ (43,984)	$ (7,795)
Long-Term Investments	$ 133,959	$ (157,138)
Net Cash Flow From Investing Activities	**$ 89,975**	**$ (164,933)**
Cash Flows From Financing Activities		
Common Stock & APIC	-	$ 22,191
Retained Earnings	-	-
Net Cash Provided By Financing Activities	**$ 0**	**$ 22,191**
Effect of Exchange Rate Changes	-	-
Net Change in Cash and Cash Equivalents	$ (166,678)	$ (17,776)
Cash and Cash Equivalents, Beginning of the Period	$ 169,291	$ 24,184
Cash and Cash Equivalents, End of the Period	**$ 2,613**	**$ 6,409**

SMART HOLDINGS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM DECEMBER 31, 2012 THROUGH JUNE 30, 2015

	CONSOLIDATED, UNAUDITED			
	Common Stock Shares	Amount	Common Stock + APIC	Accumulated Deficit
Balance, December 31, 2012	20,098,061	$ 2,009	$ 685,097	$ (595,783)
Net Profit Three Months Ended March 31,2013				$ 1,491
Balance, March 31,2013	20,098,061	$ 2,009	$ 685,097	$ (594,292)
Prior Adjustment				$ 439,649
Net Profit Six Months Ended June 30,2013				$ 23,993
Balance, June 30,2013**	995,098,061	$ 99,510	$ 50,015,560	$ (130,650)
****The company issued 975,000,000 common shares on April 8, 2013, to acquire Anatolian Walnut Production Co. "AWPC", a Turkish Company (see Note B).**				
Net Loss Three Months Ended September 30,2013				$ (35,253)
Balance, September 30,2013	995,098,061	$ 99,510	$ 50,015,560	$ (165,903)
Prior Adjustment (Functional Currency Translation Adjustments Due to Turkish Subsidiary AWPC) (see Note C).				$ 94,456
Net Loss Three Months Ended December 31,2013				$ (61,233)
Balance, December 31, 2013	995,098,061	$ 99,510	$ 41,716,732	$ (132,680)
Net Profit Three Months Ended March 31,2014				$ 7,428
Balance, March 31, 2014	995,098,061	$ 99,510	$ 41,738,923	$ (125,252)
Net Profit Three Months Ended June 30, 2014				$ 6,439
Balance, June 30, 2014	995,098,061	$ 99,510	$ 41,738,923	$ (118,813)
Net Profit Three Months Ended September 30, 2014				$ 17,960
Balance, September 30, 2014	995,098,061	$ 99,510	$ 41,738,923	$ (100,853)
Prior Adjustment (Functional Currency Translation Adjustments Due to Turkish Subsidiary AWPC) (see Note C).				$ (36,282)
Net Profit Three Months Ended December 31,2014				$ 209,364
Balance, December 31, 2014	995,098,061	$ 99,510	$ 38,424,147	$ 72,228
Net Profit Three Months Ended March 31,2015				$ 7,603
Balance, March 31, 2015	995,098,061	$ 99,510	$ 38,424,147	$ 79,831
Net Profit Three Months Ended June 30,2015				$ 3,723
Balance, June 30, 2015	995,098,061	$ 99,510	$ 38,424,147	$ 83,554

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF BUSINESS: The Company is incorporated in the State of Nevada.

BASIS OF ACCOUNTING: These financial statements have been prepared under the accrual method of accounting according to the US GAAP.

INCOME TAXES: There is no provision for income tax expenses for this period as the expenses of the Company are recognized as Long-Term Investments account entry.

PROPERTY AND EQUIPMENT: Property and equipment are stated at cost.

ACQUISITION: The Company issued 975,000,000 shares to acquire 100% of Anadolu Ceviz Üretim A.S., i.e. Anatolian Walnut Production Co. ("AWPC"), a Turkish company on April 8, 2013. (see Note B below).

NOTE B – CHANGE OF CONTROL, ACQUISITION:

On April 8, 2013, the Company issued 975,000,000 shares to acquire Anadolu Ceviz Üretim A.S., i.e. Anatolian Walnut Production Co. ("AWPC"), a Turkish company which is currently growing 40,000 walnut trees in Turkey. AWPC begun the harvesting of the walnuts in October 2014. As part of the acquisition, Messrs. Laz and Uslu became the Issuer's sole board of directors. AWPC's operations are located in Turkey.

The financial statements are consolidated with AWPC.

NOTE C – FUNCTIONAL CURRENCY TRANSLATION:

Financials of the Company's Turkish subsidiary AWPC are translated into US Dollars from Turkish Liras "TRY" (functional currency) at the current exchange rate. The functional currency weakened against US Dollars; therefore the financial figures for June 30, 2015 were translated to lower US Dollars equivalents compared to the financial figures for June 30, 2014.

NOTE D – LONG-TERM INVESTMENTS:

Long-term investments consist of the followings; preparation and fencing of the land; installation of wells; production and planting of 40,000 walnut trees and seedlings; installation of drip irrigation system; maintenance of land and trees for up to the balance sheet date; mulch, fertilizers, the use of electricity; all employee costs for up to the balance sheet date.

NOTE E- FIXED ASSETS:

Fixed Assets consist of the followings; land, two giant ripper dozers, four farm tractors, one loader, one service van, two ATV, seven well water engines/pipes & equipment, three water tanks with a total volume of 64,450 ft^3 , water engine/pipes & equipment, transformers and power transmission line, 2,200 ft^2 residence & office building; 7,530 ft^2 warehouse.

NOTE F – INTANGIBLE ASSETS:

The both US GAAP (*ASC 805, Business Combinations, and ASC 350, Intangibles — Goodwill and Other) and IFRS (IFRS 3(R), Business Combinations, and IAS 38, Intangible Assets*) define intangible assets as non monetary assets without physical substance. The recognition criteria for both accounting models require that there will be probable future economic benefits and costs that can be reliably measured.

Under US GAAP, intangible assets are classified into: purchased vs. internally created intangibles, and limited-life vs. indefinite-life intangibles. Internally created intangibles of the company that are definable, are recorded.

Walnut production is an agriculture investment, the income level of which consistently increases, depending on the years. AWPC which already completed its investment regarding with its 332-acre existing walnut orchard, owns these intangible assets that have commercial and marketing characteristics, which are used in the improvement and operation of the commercial activity.

According to the Turkish Commercial Code (“TCC”) in the scope of converting the business type regulation, AWPC’s business type was converted from Limited to Joint Stock on October 8th, 2012 by the Court Decision. The investment of walnut production belonging to the Limited company was accepted as an asset of AWPC and was added as capital in kind to Joint Stock Company by the Court while converting its business type from Limited to Joint Stock. This was published in the Turkish trade registry gazette on October 30, 2012, numbered 8182.

NOTE G – FINANCIAL PAYABLE:

The company "AWPC" received a total of $ 680,135 USD bank loan from the Turkish Bank in 2014 according to the exchange rate of December 2014. $ 185,432 USD loan out of the total loan is a 5 years term loan with no interest payment, the rest of the loan {$ 494,703 USD} is a 7 years long-term agricultural loan with a 2-year grace period and half of the interest payments are subsidized by the Turkish Government.