SOUTHERN HOME
MEDICAL INC.
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
Three Months Ended September 30,
2016 (Unaudited)

NOTE 1- BASIC OF PRESENTSTION

This is a preliminary unaudited overview for the three months ended September 30, 2016. 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 September 30, 2016

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 amounts 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.

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 expensed as incurred. Depreciation is provided using the straight-line method. 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 employee an agency.

Revenue Recognition - The Company recognizes revenue at the time of delivery of the posting from the insurance provider.

Long-Lived Assets - In accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No. 121, "Accounting for the 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 purposes 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.

NOTE 2- OTHER EVENTS

On August 31, 2016 Southern Home Medical Inc. Announces Acquisition of CES Technology LTD, and Strategic Partnership With KC Global Inc.

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

NOTE 3- LEGAL PRESENTATION

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

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 period ended September 30, 2016, in conformity with accounting principles generally accepted in the United States, consistently applied.

SOUTHERN HOME MEDICAL, INC.



George Chang, Interim President and CEO