

DNA DYNAMICS, INC.
BALANCE SHEETS
(Unaudited)

ASSETS

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,202	\$ 59,997
Prepaid expenses	<u>24,500</u>	<u>-</u>
Total Current Assets	<u>31,702</u>	<u>59,997</u>
OTHER ASSETS		
Intangible assets, net	293,534	359,455
Goodwill	<u>64,629</u>	<u>64,629</u>
Total Other Assets	<u>358,163</u>	<u>424,084</u>
TOTAL ASSETS	<u>\$ 389,865</u>	<u>\$ 484,081</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Accounts payable	\$ 366,917	\$ 367,832
Accrued expenses	247,167	214,857
Notes payable	<u>459,902</u>	<u>517,629</u>
Total Current Liabilities	<u>1,073,986</u>	<u>1,100,318</u>
TOTAL LIABILITIES	<u>1,073,986</u>	<u>1,100,318</u>

STOCKHOLDERS' EQUITY (DEFICIT)

Preferred stock designated, Series A, \$0.00001 par value, 10,000,000 shares authorized, 10,000,000 and 10,000,000 shares issued and outstanding, respectively	100	100
Preferred stock designated, Series B, \$0.00001 par value, 1,000,000 shares authorized, 1,000,000 and 1,000,000 shares issued and outstanding, respectively	10	10
Common stock, \$0.00001 par value; 40,000,000,000 shares authorized, 4,241,834,548 and 9,196,261,917 shares issued and outstanding, respectively	42,418	91,963
Additional paid-in capital	245,636	128,265
Accumulated deficit	<u>(972,285)</u>	<u>(836,575)</u>
Total Stockholders' Equity (Deficit)	<u>(684,121)</u>	<u>(616,237)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 389,865</u>	<u>\$ 484,081</u>

The accompanying notes are an integral part of these unaudited financial statements.

DNADYNAMICS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
NET REVENUES	-	-	-	-
OPERATING EXPENSES				
Professional and consulting fees	89,584	25	146,993	75
General and administrative	19,661	-	77,856	-
Total Operating Expenses	109,245	25	224,849	75
LOSS FROM OPERATIONS	(109,245)	(25)	(224,849)	(75)
OTHER INCOME (EXPENSES)				
Sale of Patent	150,000	-	187,500	-
Amortization expense	(32,960)	(33,636)	(65,921)	(67,271)
Interest expense	(15,709)	(14,989)	(32,440)	(29,979)
Total Other Income (Expenses)	101,331	(48,625)	89,139	(97,250)
NET LOSS BEFORE INCOME TAXES	(7,914)	(48,650)	(135,710)	(97,325)
PROVISION FOR INCOME TAXES	-	-	-	-
NET LOSS	\$ (7,914)	\$ (48,650)	\$ (135,710)	\$ (97,325)

The accompanying notes are an integral part of these unaudited financial statements.

DNA DYNAMICS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
From January 1, 2017 through June 30, 2018
(Unaudited)

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, January 1, 2017	10,000,000	\$ 100	1,000,000	\$ 10	4,027,220,726	\$ 40,273	\$ 54,169	\$ (586,023)	\$ (491,471)
Preferred and common stock issued for services	10,000,000	100	-	-	5,000,000,000	50,000	-	-	50,100
Conversion of Preferred Stock into common stock	(10,000,000)	(100)	-	-	10,000,000	100	-	-	-
Conversion of notes payable and accrued interest	-	-	-	-	159,041,191	1,590	74,096	-	75,686
Net income for the year ended December 31, 2017	-	-	-	-	-	-	-	(250,552)	(250,552)
Balance, December 31, 2017	<u>10,000,000</u>	<u>\$ 100</u>	<u>1,000,000</u>	<u>\$ 10</u>	<u>9,196,261,917</u>	<u>\$ 91,963</u>	<u>\$ 128,265</u>	<u>\$ (836,575)</u>	<u>\$ (616,237)</u>
Common stock returned to treasury	-	-	-	-	(5,000,000,000)	(50,000)	50,000	-	-
Conversion of notes payable and accrued interest	-	-	-	-	45,572,631	455	67,371	-	67,826
Net income for the six months ended June 30, 2018	-	-	-	-	-	-	-	(135,710)	(135,710)
Balance, June 30, 2018	<u>10,000,000</u>	<u>\$ 100</u>	<u>1,000,000</u>	<u>\$ 10</u>	<u>4,241,834,548</u>	<u>\$ 42,418</u>	<u>\$ 245,636</u>	<u>\$ (972,285)</u>	<u>\$ (684,121)</u>

The accompanying notes are an integral part of these unaudited financial statements.

DNA DYNAMICS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (135,710)	\$ (97,325)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization expense	65,921	67,271
Changes in operating assets and liabilities:		
Prepaid expenses	(24,500)	-
Accounts payable	(915)	75
Accrued expenses	32,310	29,979
	<u>(62,894)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	10,099	-
	<u>10,099</u>	<u>-</u>
DECREASE IN CASH AND CASH EQUIVALENTS		
	(52,795)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	<u>59,997</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	<u>\$ 7,202</u>	<u>\$ -</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Payments For:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activity:		
Common stock issued for the conversion of debt	\$ 67,826	\$ -

The accompanying notes are an integral part of these unaudited financial statements.

DNA DYNAMICS, INC.
Notes to the Financial Statements (Unaudited)
June 30, 2018

Note 1 – Organization and Description of Business

DNA Dynamics, Inc. (the “Company”) develops and publishes a portfolio of action/adventure and casual games designed to appeal to a broad cross section of the users of smartphones and tablet devices who purchase our games through direct-to-consumer digital storefronts as well as users of feature phones served by wireless carriers and other distributors. We create games based on our own original brands and intellectual property as well as third-party licensed brands. Our original games based on our own intellectual property include Margot's Word Games, Jigsawium, Chess Crusades, and Legacy: Mystery Mansion. We currently have one game being published by a third party, Codermasters, Software Ltd based on their intellectual property, Dizzy: POTY (Prince of the Yolk Folk). Our licensed games include Warheads Medieval Tales and, Naked Gun: ICUP. Our work for hire team recently produced a major iPad Port from an internationally recognized brand.

Note 2 – Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management who are responsible for their integrity and objectivity. The following policies are considered to be significant.

Accounting Method

The Company recognizes income and expenses based on the accrual method of accounting. The Company has elected a calendar year-end.

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 reported amounts of assets and liabilities, and the disclosure 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments purchased with original maturities of three months or less. Cash and cash equivalents at June 30, 2018 and December 31, 2017 were \$7,202 and \$59,997, respectively.

Revenue Recognition

Product sales were solely derived from the sale of games developed by the Company. The Company recognizes revenue using four basic criteria that must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured, which is typically after receipt of payment and delivery, net of any credit card charge-backs and refunds. Determination of criteria (3) and (4) are based on management’s judgment regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Advertising Costs

Advertising costs, which were not material for the periods presented, are expensed as incurred.

Stock Based Compensation

The Company accounts for its stock based compensation using the fair value based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in

DNA DYNAMICS, INC.
Notes to the Financial Statements (Unaudited)
December 31, 2017 and 2016

which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Note 3 - Going Concern

As shown in the accompanying financial statements, the Company has incurred continuous losses from operations, has an accumulated deficit of \$972,285, has a negative working capital of \$1,042,284 and has cash on hand of \$7,202 as of June 30, 2018, and has generated minimal revenues to date. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is currently seeking additional sources of capital to fund short term operations through debt or equity investments. The Company, however, is dependent upon its ability to secure equity and/or debt financing and there are no assurances that the Company will be successful, therefore, without sufficient financing it would be unlikely for the Company to continue as a going concern.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 4 – Intangible Assets

Intangible assets consist of intellectual property on the games and technology developed by the Company. These are all games that are released for the Android or the Apple platforms. The original values of the intangible assets of \$896,950 are being amortized at a rate of 15% per year. During the six months ended June 30, 2018 and 2017, the Company recorded amortization expense of \$65,921 and \$67,271, respectively. As of June 30, 2018 and December 31, 2017, the Company had recorded a total of \$603,416 and \$537,495, respectively, in accumulated amortization.

Note 5 – Goodwill

On April 12, 2011, the Company acquired Slam Productions Limited ("Slam"). Slam creates games and apps for mobile devices and handheld consoles using a proprietary Rapid Application Development tool. Slam has created over 15 games across 7 platforms in 3 years including some large TV brands and IP. Upon the acquisition of Slam, the Company recorded goodwill in the amount of \$64,629. The Company analyzes goodwill at each reporting period to determine if an adjustment should be made for impairment.

Note 6 – Notes Payable

Notes payable consist of the following at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Issued to David Lovatt, originated February 18, 2011, unsecured \$14,970 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date.	\$ 4,970	\$ 4,970
Issued to David Lovatt, originated March 9, 2011, unsecured \$4,975 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date.	4,975	4,975
Issued to David Lovatt, originated August 23, 2011, unsecured \$20,000 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date.	20,000	20,000
Issued to David Lovatt, originated October 13, 2011, unsecured \$37,238 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date. During the quarter ended March 31, 2018, \$15,000 of the note was sold to a third party and converted into common stock.	22,238	37,238
Issued to Steven Mellner, originated November 7, 2011, unsecured \$14,000 promissory note, which carries a 9% interest rate and matures on March 31, 2012.	14,000	14,000
Issued to Louis Wolcowitz, originated November 17, 2011, unsecured \$25,000 promissory note, which carries a 9% interest rate and matures on March 31, 2012.	25,000	25,000
Issued to Lawrence Kolodny, originated December 1, 2011, unsecured \$61,000 promissory note, which carries a 9% interest rate and matures on March 31, 2012.	61,000	61,000
Issued to Elliott Polatoff, originated January 1, 2015, unsecured \$77,702 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date.	77,702	77,702

Issued to John D. Thomas, P.C., originated January 1, 2015, unsecured \$219,544 convertible promissory note, which carries a 9% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date. During the quarter ended March 31, 2018, \$52,827 of the note was sold to a third party and converted into common stock.

158,717 211,544

Issued to Green Light Developments, LLC, originated February 9, 2018, unsecured \$69,700 convertible promissory note, which carries a 8% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date. During the quarter ended December 31, 2017, \$61,200 of the note was received by the Company.

69,700 61,200

Issued to Green Light Developments, LLC, originated April 4, 2018, unsecured \$1,600 convertible promissory note, which carries a 8% interest rate and is due on demand. The principal and interest is convertible into shares of common stock at the discretion of the note holder at a price equal to fifty-eight percent (58%) discount of the lowest closing price of the Company's common stock for the ten (10) trading days prior to the conversion date.

1,600 -

Notes Payable

459,902 517,629

Less: current maturities of notes payable

(459,902) (517,629)

Long term convertible debenture

\$ - \$ -

The Company recognized interest expense in the amount of \$16,731 and \$64,881 for the three months ended March 31, 2018 and the year ended December 31, 2017, respectively, related to the notes payable above.

Note 7 – Changes in Stockholders' Equity (Deficit)

Authorized Shares, Common Stock

The Company is authorized to issue 40,000,000,000 shares of \$0.00001 par value common stock. As of June 30, 2018 and December 31, 2017, the number of shares issued and outstanding were 4,241,834,548 and 9,196,261,917, respectively.

Authorized Shares, Preferred Stock

The Company is authorized to issue 10,000,000 shares of its Series A Preferred Stock. As of June 30, 2018 and December 31, 2017, 10,000,000 shares were issued and outstanding.

The Company is also authorized to issue 1,000,000 shares of its Series B Preferred Stock. As of June 30, 2018 and December 31, 2017, 1,000,000 shares were issued and outstanding.

Common Stock Transactions for the Six Months Ended June 30, 2018

During the six months ended June 30, 2018, the Company received and returned to treasury, 5,000,000,000 shares of common stock that had previously been issued for services rendered to the Company.

During the six months ended June 30, 2018, the Company issued 45,572,631 shares of common stock for the conversion of notes payable and accrued interest in the amount of \$67,826.

Common Stock Issuances, for the Year Ending December 31, 2017

During the year ended December 31, 2017, the Company issued 5,000,000,000 shares of common stock for services rendered to the Company.

During the year ended December 31, 2017, the Company issued 159,041,191 shares of common stock for the

conversion of notes payable and accrued interest in the amount of \$75,686.

Note 8 – Assignment Agreement

During the quarter ended March 31, 2018, the Company finalized an Assignment Agreement whereby the Company has assigned its interest in a particular ATM Bitcoin patent to Bitcoin ATM Patent, LLC. The Agreement calls for a total payment of \$312,500, with an initial deposit of \$150,000 and the remaining \$162,500 due on June 15, 2018. During the six months ended June 30, 2018, the Company received \$187,500 as payment on the agreement. This amount has been recorded as Other Income on the Statement of Operations for the six months ended June 30, 2018. An additional \$125,000 is still due to the Company.